
By: **Delegate C. Davis**

Introduced and read first time: February 9, 2004

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Public Education Bridge to Excellence - Funding - Video Lottery Terminals**

3 FOR the purpose of requiring the State Lottery Commission to regulate the operation
4 of certain video lottery terminals; requiring the Governor to appoint a member
5 of the State Racing Commission as a liaison to the State Lottery Commission;
6 altering the membership of the State Lottery Commission; specifying certain
7 requirements for members of the State Lottery Commission; requiring the
8 Governor to appoint a member of the State Lottery Commission as a liaison to
9 the State Racing Commission; providing that members of the State Lottery
10 Commission may be compensated as provided in the State budget; authorizing
11 the operation of video lottery terminals connected to a certain central computer
12 that allows the State Lottery Commission to monitor a video lottery terminal
13 and that has certain capabilities; prohibiting access to the central computer to
14 certain licensees with a certain exception; providing that only a person with a
15 certain video lottery operation license may offer a video lottery terminal for
16 public use in the State; providing that this Act is statewide and exclusive in its
17 effect and that certain laws do not apply to video lottery terminals authorized
18 under this Act; authorizing the State Lottery Commission to conduct certain
19 investigations and hearings; requiring the State Lottery Commission to adopt
20 certain regulations; authorizing the State Lottery Commission to require a
21 certain bond and collect certain fees, civil penalties, and taxes; authorizing the
22 State Lottery Commission to inspect and seize certain equipment, financial
23 information, and records without notice or warrant; authorizing the State
24 Lottery Commission to issue a certain number of video lottery operation licenses
25 to certain holders of certain licenses; requiring certain video lottery terminal
26 manufacturers, video lottery operators, video lottery employees, and other
27 individuals required by the State Lottery Commission to be licensed; providing
28 for the application and licensing process; establishing certain eligibility criteria
29 and disqualifying criteria for a video lottery operation license; requiring video
30 lottery operation licensees to maintain certain numbers of live racing days;
31 providing that the license of certain video lottery operation licensees may be
32 revoked if a certain horse racing event or trade names and other items related to
33 the event are transferred out of the State; requiring a certain licensee to conduct
34 a certain annual race with certain exceptions; requiring video lottery operating
35 licensees to submit to the State Lottery Commission a certain plan to improve

1 the quality and marketing of horse racing; requiring a video lottery operation
2 licensee to offer for sale a certain percentage of equity ownership to certain
3 individuals under certain circumstances; requiring certain applicants and
4 licensees to comply with certain provisions of law relating to minority business
5 participation; specifying that certain collective bargaining agreements do not
6 negate certain provisions of this Act; providing for the monitoring of certain
7 provisions of this Act by the Governor's Office of Minority Affairs; providing for
8 the termination of a certain provision of this Act; providing for certain eligibility
9 criteria and disqualifying criteria for certain licenses; providing for certain
10 waivers of certain licensing requirements under certain conditions; providing
11 certain license terms; stating the intent of the General Assembly relating to
12 video lottery operation licenses; prohibiting a video lottery operation license
13 from being transferred or pledged as collateral; prohibiting certain licensees
14 from selling or otherwise transferring more than a certain percentage of the
15 legal or beneficial interest unless certain conditions are met; requiring that the
16 transfer of a certain interest in a person that holds a video lottery operation
17 license be approved by the State Lottery Commission; requiring the Department
18 of State Police to conduct certain background investigations in a certain
19 manner; requiring the State Lottery Commission to buy or lease the video
20 lottery terminals, associated equipment, and central computer authorized under
21 this Act; specifying limits on the number of video lottery terminals allowed at
22 certain facilities; providing the minimum payout for video lottery terminals and
23 authorizing the State Lottery Commission to adopt certain video lottery
24 terminal payouts; providing for the hours of operation of video lottery terminals;
25 prohibiting the State Lottery Commission from issuing certain licenses under
26 certain circumstances; prohibiting a video lottery operation licensee from
27 offering food or beverages at no cost with a certain exception or from offering
28 food and beverages below certain prices; requiring the State Lottery
29 Commission to adopt certain regulations to reduce or mitigate the effects of
30 problem gambling; authorizing the State Lottery Commission to reprimand a
31 licensee or deny, suspend, or revoke certain licenses under certain
32 circumstances; requiring the Comptroller to collect and distribute certain
33 moneys in certain ways; establishing an Education Trust Fund; requiring
34 certain distributions from video lottery proceeds to the Education Trust Fund to
35 be used for a certain purpose; establishing a Purse Dedication Account under the
36 authority of the State Racing Commission; providing for a certain distribution
37 from video lottery proceeds to the Purse Dedication Account for horse racing;
38 providing for certain distributions from the Purse Dedication Account for horse
39 racing in a certain manner; authorizing the State to pay certain transportation
40 costs; requiring the Department of Transportation to facilitate certain
41 negotiations; requiring a certain transportation plan to be developed by certain
42 counties; providing for the creation of certain local development councils;
43 providing for appointment and membership of certain local development
44 councils; requiring certain counties to develop certain plans to be reviewed by
45 certain local development councils; specifying that certain local development
46 grants should be used for certain purposes; authorizing certain fees and
47 providing for a certain distribution from certain fees to the Compulsive
48 Gambling Fund; creating a Compulsive Gambling Fund in the Department of

1 Health and Mental Hygiene; providing for certain disbursements from the
2 Compulsive Gambling Fund for certain purposes; exempting a certain
3 procurement by the State Lottery Commission from certain provisions of law;
4 requiring the State Lottery Commission to make a certain annual report by a
5 certain date; authorizing the State Lottery Commission consider an application
6 for a video lottery operation license only if the governing body of the county
7 adopts a certain resolution and certain contingencies related to a special election
8 are met; requiring the Department of Transportation to conduct a certain study
9 and make a certain report by a certain date; requiring a certain certification
10 entity to conduct certain studies and make certain reports; making the
11 provisions of this Act severable; providing for the staggering of the terms of
12 certain new members of the State Lottery Commission; defining certain terms;
13 and generally relating to the operation of video lottery terminals at certain
14 locations in the State.

15 BY adding to
16 Article - Business Regulation
17 Section 11-202(g)
18 Annotated Code of Maryland
19 (1998 Replacement Volume and 2003 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article - State Government
22 Section 9-105 and 9-108(d)
23 Annotated Code of Maryland
24 (1999 Replacement Volume and 2003 Supplement)

25 BY adding to
26 Article - State Government
27 Section 9-1A-01 through 9-1A-33 to be under the new subtitle "Subtitle 1A.
28 Video Lottery Terminals"
29 Annotated Code of Maryland
30 (1999 Replacement Volume and 2003 Supplement)

31 BY repealing and reenacting, with amendments,
32 Article - State Finance and Procurement
33 Section 11-203(a)(1)(xviii) and (xix) and (b)(3)
34 Annotated Code of Maryland
35 (2001 Replacement Volume and 2003 Supplement)

36 BY adding to
37 Article - State Finance and Procurement
38 Section 11-203(a)(1)(xx)
39 Annotated Code of Maryland
40 (2001 Replacement Volume and 2003 Supplement)

1 BY repealing and reenacting, without amendments,
2 Article - State Finance and Procurement
3 Section 11-203(b)(1)
4 Annotated Code of Maryland
5 (2001 Replacement Volume and 2003 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article - State Finance and Procurement
8 Section 11-203(b)(2)
9 Annotated Code of Maryland
10 (2001 Replacement Volume and 2003 Supplement)
11 (As enacted by Chapter 402 of the Acts of the General Assembly of 2003)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Business Regulation**

15 11-202.

16 (G) THE GOVERNOR SHALL APPOINT ONE MEMBER OF THE COMMISSION TO
17 SERVE AS A LIAISON TO THE STATE LOTTERY COMMISSION ESTABLISHED UNDER
18 TITLE 9 OF THE STATE GOVERNMENT ARTICLE.

19 **Article - State Government**

20 9-105.

21 (a) The Commission consists of [5] NINE members appointed by the Governor
22 with the advice and consent of the Senate.

23 (b) (1) [Each] AT THE TIME OF APPOINTMENT, EACH member of the
24 Commission [must be a resident and citizen of the State.] SHALL BE:

25 (I) AT LEAST 25 YEARS OLD;

26 (II) A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE
27 FOR AT LEAST 5 YEARS;

28 (III) A QUALIFIED VOTER OF THE STATE; AND

29 (IV) AN INDIVIDUAL WHO HAS NOT BEEN CONVICTED OF OR
30 GRANTED PROBATION BEFORE JUDGMENT FOR A SERIOUS CRIME OR A CRIME THAT
31 INVOLVES MORAL TURPITUDE OR GAMBLING.

32 (2) A MEMBER OF THE COMMISSION MAY NOT:

1 (I) HAVE A DIRECT OR INDIRECT FINANCIAL INTEREST IN VIDEO
2 LOTTERY TERMINALS;

3 (II) HAVE AN OFFICIAL RELATIONSHIP TO A PERSON WHO HOLDS A
4 LICENSE UNDER SUBTITLE 1A OF THIS TITLE; OR

5 (III) HOLD ANY STOCKS, BONDS, OR OTHER FINANCIAL INTEREST IN
6 A PERSON HOLDING A LICENSE UNDER SUBTITLE 1A OF THIS TITLE.

7 (3) NO MORE THAN SIX MEMBERS MAY BE OF THE SAME POLITICAL
8 PARTY.

9 (4) THE MEMBERS OF THE COMMISSION SHALL REFLECT THE
10 GEOGRAPHIC, RACIAL, AND GENDER MAKEUP OF THE STATE.

11 (C) THE COMMISSION SHALL INCLUDE:

12 (1) ONE MEMBER WITH EXPERIENCE IN LAW ENFORCEMENT;

13 (2) ONE MEMBER WITH EXPERIENCE IN A FIELD RELATING TO FINANCE
14 OR INVESTMENTS;

15 (3) ONE MEMBER WHO IS A CERTIFIED PUBLIC ACCOUNTANT; AND

16 (4) ONE MEMBER WITH EXPERIENCE IN A FIELD OF INFORMATION
17 TECHNOLOGY.

18 [(c)] (D) (1) The term of a member is 4 years.

19 (2) The terms of members are staggered [as required by the terms
20 provided for members of the Commission on October 1, 1984].

21 (3) At the end of a term, a member continues to serve until a successor is
22 appointed and qualifies.

23 (4) A member who is appointed after a term has begun serves only for
24 the rest of the term and until a successor is appointed and qualifies.

25 [(d)] (E) (1) Subject to the hearing requirements of this subsection, the
26 Governor may remove a member for cause.

27 (2) Before the Governor removes a member, the Governor shall give the
28 member notice and an opportunity for a public hearing.

29 (F) THE GOVERNOR SHALL APPOINT ONE MEMBER OF THE COMMISSION TO
30 SERVE AS A LIAISON TO THE STATE RACING COMMISSION ESTABLISHED UNDER
31 TITLE 11 OF THE BUSINESS REGULATION ARTICLE.

32 9-108.

33 (d) As provided in the State budget, a member of the Commission:

1 (1) may receive compensation [as payment for attendance at
2 Commission meetings or other lottery functions in the amount of:

3 (i) \$125 per meeting attended, not to exceed \$1,500 annually for a
4 Commission member who is not the chairman; and

5 (ii) \$165 per meeting attended, not to exceed \$2,000 annually for
6 the Commission chairman]; and

7 (2) is entitled to reimbursement for reasonable expenses incurred in the
8 performance of the duties as a member.

9 SUBTITLE 1A. VIDEO LOTTERY TERMINALS.

10 9-1A-01.

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) "APPLICANT" MEANS A PERSON WHO APPLIES FOR ANY LICENSE
14 REQUIRED UNDER THIS SUBTITLE.

15 (C) "ASSOCIATED EQUIPMENT" MEANS HARDWARE LOCATED ON THE
16 LICENSEE'S PREMISES THAT IS CONNECTED TO THE VIDEO LOTTERY SYSTEM FOR
17 THE PURPOSE OF PERFORMING COMMUNICATION, VALIDATION, OR OTHER
18 FUNCTIONS, BUT NOT INCLUDING THE COMMUNICATION FACILITIES OF A
19 REGULATED UTILITY OR THE VIDEO LOTTERY TERMINALS.

20 (D) "AVERAGE ANNUAL PAYOUT PERCENTAGE" MEANS THE AVERAGE
21 ANNUAL PERCENTAGE OF MONEY USED BY PLAYERS TO PLAY A VIDEO LOTTERY
22 TERMINAL THAT IS RETURNED TO PLAYERS OF THAT VIDEO LOTTERY TERMINAL.

23 (E) "BACKGROUND INVESTIGATION" MEANS A SECURITY, CRIMINAL, AND
24 CREDIT INVESTIGATION OF A PERSON WHO APPLIES FOR OR WHO IS GRANTED A
25 LICENSE UNDER THIS SUBTITLE.

26 (F) "CAREER OFFENDER" MEANS A PERSON WHOSE BEHAVIOR IS PURSUED IN
27 AN OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSE OF ECONOMIC GAIN
28 AND WHO UTILIZES METHODS THAT ARE DEEMED BY THE COMMISSION AS CRIMINAL
29 VIOLATIONS INIMICAL TO THE INTEREST OF THE STATE.

30 (G) "CAREER OFFENDER CARTEL" MEANS A GROUP OF PERSONS WHO
31 OPERATE TOGETHER AS CAREER OFFENDERS.

32 (H) "CENTRAL COMPUTER" MEANS A CENTRAL SITE COMPUTER PROVIDED TO
33 AND CONTROLLED BY THE COMMISSION TO WHICH VIDEO LOTTERY TERMINALS
34 COMMUNICATE FOR PURPOSES OF:

35 (1) INFORMATION RETRIEVAL; AND

1 (2) PROGRAMS TO ACTIVATE AND DISABLE VIDEO LOTTERY TERMINALS.

2 (I) "COMMISSION" MEANS THE STATE LOTTERY COMMISSION.

3 (J) "CONTROL" MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT AND
4 POLICIES OF AN APPLICANT OR LICENSEE.

5 (K) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE
6 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS
7 SUBTITLE, INCLUDING:

8 (1) THE COSTS OF LEASING OR THE CAPITALIZED COST OF PURCHASING
9 THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL
10 COMPUTER;

11 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY
12 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
13 THESE COSTS ARE NOT INCLUDED IN THE COSTS OF LEASING OR PURCHASING THE
14 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER;

15 (3) THE COSTS OF TESTING AND EXAMINATION OF VIDEO LOTTERY
16 TERMINALS; AND

17 (4) THE COSTS OF PERFORMING BACKGROUND INVESTIGATIONS AND
18 OTHER RELATED ACTIVITIES.

19 (L) "FAMILY" MEANS SPOUSE, PARENTS, GRANDPARENTS, CHILDREN,
20 GRANDCHILDREN, SIBLINGS, UNCLES, AUNTS, NEPHEWS, NIECES, FATHERS-IN-LAW,
21 MOTHERS-IN-LAW, DAUGHTERS-IN-LAW, SONS-IN-LAW, BROTHERS-IN-LAW, AND
22 SISTERS-IN-LAW, WHETHER BY WHOLE BLOOD OR HALF BLOOD, BY MARRIAGE,
23 ADOPTION, OR NATURAL RELATIONSHIP.

24 (M) "LICENSE" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, A
25 LICENSE REQUIRED UNDER THIS SUBTITLE.

26 (N) "LICENSEE" MEANS AN APPLICANT WHO HAS BEEN ISSUED A LICENSE
27 REQUIRED UNDER THIS SUBTITLE.

28 (O) "MANUFACTURER" MEANS A PERSON:

29 (1) THAT IS ENGAGED IN THE BUSINESS OF DESIGNING, BUILDING,
30 CONSTRUCTING, ASSEMBLING, MANUFACTURING, OR DISTRIBUTING A CENTRAL
31 COMPUTER, A CENTRAL COMPUTER SOFTWARE SYSTEM, VIDEO LOTTERY
32 TERMINALS, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER COMPONENTS
33 OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR OF VIDEO
34 LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY TERMINAL IS
35 HOUSED;

36 (2) THAT PRODUCES A PRODUCT THAT IS INTENDED FOR SALE, LEASE,
37 OR OTHER ASSIGNMENT TO THE COMMISSION OR A LICENSEE; AND

1 (3) THAT CONTRACTS WITH THE COMMISSION OR A LICENSEE FOR THE
2 SALE, LEASE, OR OTHER ASSIGNMENT.

3 (P) "OWN" MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST OF AT
4 LEAST 10% IN THE PROPERTY OR BUSINESS OF AN APPLICANT OR LICENSEE.

5 (Q) "PLAYER" MEANS AN INDIVIDUAL WHO PLAYS A VIDEO LOTTERY
6 TERMINAL AT A VIDEO LOTTERY FACILITY LICENSED BY THE COMMISSION.

7 (R) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH
8 VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT
9 IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.

10 (S) "PROGRESSIVE JACKPOT" MEANS A PRIZE THAT INCREASES AS ONE OR
11 MORE VIDEO LOTTERY TERMINALS ARE CONNECTED TO A PROGRESSIVE JACKPOT
12 SYSTEM.

13 (T) "PROGRESSIVE JACKPOT SYSTEM" MEANS THE CAPABILITY OF THE
14 CENTRAL COMPUTER TO LINK ONE OR MORE VIDEO LOTTERY TERMINALS IN ONE OR
15 MORE LICENSED FACILITIES AND TO OFFER ONE OR MORE COMMON PROGRESSIVE
16 JACKPOTS.

17 (U) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
18 VIDEO LOTTERY TERMINAL.

19 (V) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE OF A PERSON WHO
20 HOLDS A LICENSE.

21 (W) "VIDEO LOTTERY FACILITY" MEANS A FACILITY AT WHICH PLAYERS PLAY
22 VIDEO LOTTERY TERMINALS UNDER THIS SUBTITLE.

23 (X) "VIDEO LOTTERY OPERATION LICENSE" MEANS A LICENSE ISSUED TO A
24 HORSE RACETRACK THAT ALLOWS PLAYERS TO OPERATE VIDEO LOTTERY
25 TERMINALS.

26 (Y) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY MACHINE OR OTHER
27 DEVICE THAT, ON INSERTION OF A BILL, COIN, TOKEN, VOUCHER, TICKET, COUPON,
28 OR SIMILAR ITEM, OR ON PAYMENT OF ANY CONSIDERATION:

29 (I) IS AVAILABLE TO PLAY OR SIMULATE THE PLAY OF ANY GAME
30 OF CHANCE IN WHICH THE RESULTS, INCLUDING THE OPTIONS AVAILABLE TO THE
31 PLAYER, ARE RANDOMLY AND IMMEDIATELY DETERMINED BY THE MACHINE OR
32 OTHER DEVICE; AND

33 (II) BY THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE
34 PLAYER WHO OPERATES THE MACHINE OR DEVICE TO RECEIVE CASH, PREMIUMS,
35 MERCHANDISE, TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE
36 AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

37 (2) "VIDEO LOTTERY TERMINAL" INCLUDES A MACHINE OR DEVICE:

1 (I) THAT DOES NOT DIRECTLY DISPENSE MONEY, TOKENS, OR
2 ANYTHING OF VALUE TO WINNING PLAYERS; AND

3 (II) DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION THAT
4 USES AN ELECTRONIC CREDIT SYSTEM MAKING THE DEPOSIT OF BILLS, COINS, OR
5 TOKENS UNNECESSARY.

6 (3) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED
7 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12,
8 SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE.

9 9-1A-02.

10 (A) THIS SUBTITLE IS STATEWIDE AND EXCLUSIVE IN ITS EFFECT.

11 (B) THE COMMISSION SHALL REGULATE THE OPERATION OF VIDEO LOTTERY
12 TERMINALS IN ACCORDANCE WITH THIS SUBTITLE.

13 (C) (1) THIS SUBTITLE AUTHORIZES THE OPERATION OF VIDEO LOTTERY
14 TERMINALS CONNECTED TO A CENTRAL COMPUTER THAT ALLOWS THE COMMISSION
15 TO MONITOR A VIDEO LOTTERY TERMINAL.

16 (2) THE COMMISSION SHALL PROVIDE AND OPERATE A SINGLE
17 CENTRAL COMPUTER INTO WHICH ALL LICENSED VIDEO LOTTERY TERMINALS MUST
18 BE CONNECTED.

19 (3) THE CENTRAL COMPUTER SHALL BE CAPABLE OF:

20 (I) CONFORMING TO THE PROTOCOLS OF THE VIDEO LOTTERY
21 TERMINALS LEASED OR PURCHASED BY THE COMMISSION UNDER THIS SUBTITLE;

22 (II) CONTINUOUSLY MONITORING, RETRIEVING, AND AUDITING
23 THE OPERATIONS, FINANCIAL DATA, AND PROGRAM INFORMATION OF ALL VIDEO
24 LOTTERY TERMINALS;

25 (III) ALLOWING THE COMMISSION TO ACCOUNT FOR ALL MONEY
26 INSERTED IN AND PAYOUTS MADE FROM ANY VIDEO LOTTERY TERMINAL;

27 (IV) DISABLING FROM OPERATION OR PLAY ANY VIDEO LOTTERY
28 TERMINAL AS THE COMMISSION DEEMS NECESSARY TO CARRY OUT THE PROVISIONS
29 OF THIS SUBTITLE; AND

30 (V) SUPPORTING A PROGRESSIVE JACKPOT SYSTEM CAPABLE OF
31 OPERATING ONE OR MORE PROGRESSIVE JACKPOTS.

32 (4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
33 PARAGRAPH, THE COMMISSION MAY NOT ALLOW A VIDEO LOTTERY OPERATION
34 LICENSEE TO HAVE ACCESS TO THE CENTRAL COMPUTER SYSTEM OR INFORMATION
35 FROM THE CENTRAL COMPUTER SYSTEM.

1 (II) PROVIDED THE ACCESS DOES NOT IN ANY WAY AFFECT THE
2 INTEGRITY OR SECURITY OF THE CENTRAL COMPUTER SYSTEM, THE COMMISSION
3 MAY ALLOW A VIDEO LOTTERY OPERATION LICENSEE TO HAVE ACCESS TO
4 INFORMATION FROM THE CENTRAL COMPUTER THAT ALLOWS THE LICENSEE TO
5 OPERATE A PLAYER TRACKING SYSTEM OR OBTAIN OTHER INFORMATION
6 PERTINENT TO THE LEGITIMATE OPERATION OF A VIDEO LOTTERY FACILITY.

7 (C) ONLY A PERSON WITH A VIDEO LOTTERY OPERATION LICENSE ISSUED BY
8 THE COMMISSION MAY OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE
9 STATE UNDER THIS SUBTITLE.

10 9-1A-03.

11 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ANY
12 ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING OTHER THAN AS
13 EXPRESSLY PROVIDED IN THIS SUBTITLE ARE PROHIBITED.

14 (B) THIS SECTION DOES NOT APPLY TO:

15 (1) LOTTERIES CONDUCTED UNDER SUBTITLE 1 OF THIS TITLE;

16 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE
17 BUSINESS REGULATION ARTICLE;

18 (3) THE OPERATION OF SLOT MACHINES AS PROVIDED UNDER TITLES 12
19 AND 13 OF THE CRIMINAL LAW ARTICLE; OR

20 (4) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR
21 VETERANS', RELIGIOUS OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE
22 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION UNDER TITLES 12 AND 13 OF
23 THE CRIMINAL LAW ARTICLE.

24 9-1A-04.

25 (A) THE COMMISSION SHALL:

26 (1) HEAR AND DECIDE, PROMPTLY AND IN REASONABLE ORDER,
27 LICENSE APPLICATIONS AND CAUSES AFFECTING THE GRANTING, SUSPENSION,
28 REVOCATION, OR RENEWAL OF LICENSES UNDER THIS SUBTITLE;

29 (2) AFTER A HEARING, SUSPEND OR REVOKE AS APPLICABLE THE
30 LICENSE OF A LICENSEE WHO HAS A LICENSE SUSPENDED OR REVOKED IN
31 ANOTHER STATE;

32 (3) CONDUCT HEARINGS CONCERNING CIVIL VIOLATIONS OF THIS
33 SUBTITLE OR REGULATIONS ISSUED UNDER THIS SUBTITLE;

34 (4) COLLECT APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
35 ADMINISTRATIVE COSTS OF THIS SUBTITLE RELATED TO LICENSING;

1 (5) DEPOSIT APPLICATION, LICENSE, AND OTHER FEES TO A BANK
2 ACCOUNT THAT THE STATE TREASURER DESIGNATES TO THE CREDIT OF THE STATE
3 LOTTERY FUND TO COVER THE ADMINISTRATIVE COSTS OF THIS SUBTITLE RELATED
4 TO LICENSING;

5 (6) LEVY AND COLLECT CIVIL PENALTIES FOR CIVIL VIOLATIONS OF
6 THE PROVISIONS OF THIS SUBTITLE OR REGULATIONS ISSUED UNDER THIS
7 SUBTITLE;

8 (7) BE PRESENT AT A VIDEO LOTTERY OPERATION THROUGH ITS
9 EMPLOYEES AND AGENTS AT ANY TIME DURING THE OPERATION OF ANY VIDEO
10 LOTTERY TERMINAL FOR THE PURPOSE OF CERTIFYING REVENUE FROM THE VIDEO
11 LOTTERY TERMINALS, RECEIVING COMPLAINTS FROM THE PUBLIC, AND
12 CONDUCTING ANY OTHER INVESTIGATION INTO THE OPERATION OF THE VIDEO
13 LOTTERY TERMINALS AND THE MAINTENANCE OF THE VIDEO LOTTERY TERMINALS
14 AND ASSOCIATED EQUIPMENT AS THE COMMISSION MAY DEEM NECESSARY AND
15 PROPER; AND

16 (8) REVIEW AND RULE ON ANY COMPLAINT BY A LICENSEE REGARDING
17 ANY INVESTIGATIVE PROCEDURES OF THE COMMISSION THAT ARE UNNECESSARILY
18 DISRUPTIVE OF VIDEO LOTTERY OPERATIONS.

19 (B) THE COMMISSION MAY:

20 (1) ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE OF WITNESSES AT
21 ANY PLACE WITHIN THE STATE IN THE COURSE OF ANY INVESTIGATION OR HEARING
22 CONDUCTED UNDER THIS SUBTITLE;

23 (2) ADMINISTER OATHS AND REQUIRE TESTIMONY UNDER OATH
24 BEFORE THE COMMISSION IN THE COURSE OF ANY INVESTIGATION OR HEARING
25 CONDUCTED UNDER THIS SUBTITLE;

26 (3) SERVE OR CAUSE TO BE SERVED ITS PROCESS OR NOTICES IN A
27 MANNER PROVIDED FOR SERVICE OF PROCESS IN CIVIL ACTIONS UNDER THE
28 MARYLAND RULES; AND

29 (4) PROPOUND WRITTEN INTERROGATORIES.

30 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION
31 SHALL CONDUCT A HEARING IN THE SAME MANNER AS SPECIFIED IN TITLE 10,
32 SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE.

33 (D) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE
34 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

35 (1) ESTABLISHING THE METHODS AND FORMS OF APPLICATION THAT
36 AN APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE SHALL FOLLOW
37 AND COMPLETE BEFORE CONSIDERATION OF THE APPLICATION BY THE
38 COMMISSION;

1 (2) ESTABLISHING THE METHODS, PROCEDURES, AND FORM FOR
2 DELIVERY OF INFORMATION FROM AN APPLICANT OR LICENSEE CONCERNING ANY
3 PERSON'S FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS
4 ACTIVITIES, AND FINANCIAL AFFAIRS;

5 (3) ESTABLISHING THE PROCEDURES FOR THE FINGERPRINTING OF AN
6 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER
7 METHODS OF IDENTIFICATION THAT MAY BE NECESSARY IN THE JUDGMENT OF THE
8 COMMISSION TO ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF
9 THIS SUBTITLE;

10 (4) ESTABLISHING THE MANNER AND PROCEDURE OF HEARINGS
11 CONDUCTED BY THE COMMISSION;

12 (5) ESTABLISHING THE MANNER AND METHOD OF COLLECTION OF
13 TAXES, FEES, AND CIVIL PENALTIES;

14 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR VIDEO
15 LOTTERY TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO
16 LOTTERY TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY
17 TERMINALS;

18 (7) REGULATING THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
19 TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON THE
20 CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS AND THE
21 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
22 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

23 (8) PRESCRIBING THE GROUNDS AND PROCEDURES FOR REPRIMANDS
24 OF LICENSEES OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER
25 THIS SUBTITLE;

26 (9) GOVERNING THE MANUFACTURE, DISTRIBUTION, SALE, AND
27 SERVICING OF VIDEO LOTTERY TERMINALS;

28 (10) ESTABLISHING THE PROCEDURES, FORMS, AND METHODS OF
29 MANAGEMENT CONTROLS;

30 (11) PROVIDING FOR MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY
31 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ASSURE CONSISTENCY,
32 COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION,
33 INCLUDING PERCENTAGES OF PROFIT FOR VIDEO LOTTERY TERMINALS;

34 (12) ESTABLISHING PERIODIC FINANCIAL REPORTS AND THE FORM OF
35 THE REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
36 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER
37 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE
38 MAINTAINED BY THE VIDEO LOTTERY OPERATION LICENSEE AS REQUIRED BY THIS
39 SUBTITLE AND THE REGULATIONS THAT SHALL BE ISSUED UNDER THIS SUBTITLE;

1 (13) REQUIRING LICENSEES UNDER THIS SUBTITLE TO DEMONSTRATE
2 AND MAINTAIN FINANCIAL VIABILITY;

3 (14) ENSURE THAT THE OPERATION OF VIDEO LOTTERY TERMINALS AND
4 VIDEO LOTTERY FACILITIES IS CONDUCTED LEGALLY; AND

5 (15) OTHERWISE CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

6 (E) (1) THE COMMISSION MAY BY REGULATION REQUIRE AN APPLICANT OR
7 LICENSEE TO FILE A BOND FOR THE BENEFIT OF THE STATE FOR THE FAITHFUL
8 PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE AND ANY
9 REGULATIONS ISSUED UNDER THIS SUBTITLE.

10 (2) IF THE COMMISSION REQUIRES A BOND UNDER PARAGRAPH (1) OF
11 THIS SUBSECTION, AN APPLICANT OR LICENSEE SHALL OBTAIN AND SUBMIT
12 SATISFACTORY PROOF OF THE BOND TO THE COMMISSION BEFORE A LICENSE IS
13 ISSUED OR REISSUED.

14 (3) THE BONDS FURNISHED MAY BE APPLIED BY THE COMMISSION TO
15 THE PAYMENT OF AN UNPAID LIABILITY OF THE LICENSEE.

16 (F) (1) THE COMMISSION SHALL PROMPTLY AND THOROUGHLY
17 INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE AND REGULATIONS
18 THAT ARE ADOPTED UNDER THIS SUBTITLE.

19 (2) THE COMMISSION AND ITS EMPLOYEES AND AGENTS SHALL HAVE
20 THE AUTHORITY, WITHOUT NOTICE AND WITHOUT WARRANT, TO:

21 (I) INSPECT AND EXAMINE ALL PREMISES IN WHICH VIDEO
22 LOTTERY OPERATIONS UNDER THIS SUBTITLE ARE CONDUCTED, IN WHICH ANY
23 AUTHORIZED VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR CENTRAL
24 COMPUTER IS DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED, MANUFACTURED,
25 SOLD, DISTRIBUTED, OR SERVICED, OR IN WHICH RECORDS OF THOSE ACTIVITIES
26 ARE PREPARED OR MAINTAINED;

27 (II) INSPECT ANY VIDEO LOTTERY TERMINALS, ASSOCIATED
28 EQUIPMENT, OR CENTRAL COMPUTER IN, ABOUT, ON, OR AROUND THOSE PREMISES;

29 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND
30 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,
31 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF
32 EXAMINATION AND INSPECTION;

33 (IV) INSPECT, EXAMINE, AND AUDIT BOOKS, RECORDS, AND
34 DOCUMENTS CONCERNING A LICENSEE'S VIDEO LOTTERY OPERATIONS, INCLUDING
35 THE FINANCIAL RECORDS OF A PARENT CORPORATION, SUBSIDIARY CORPORATION,
36 OR SIMILAR BUSINESS ENTITY. A LICENSEE SHALL AUTHORIZE ANY OTHER PERSON
37 HAVING FINANCIAL RECORDS RELATING TO THE LICENSEE TO PROVIDE THOSE
38 RECORDS TO THE COMMISSION; AND

1 (V) SEIZE, IMPOUND, OR ASSUME PHYSICAL CONTROL OF BOOKS,
2 RECORDS, LEDGERS, CASH BOXES AND THEIR CONTENTS, A COUNTING ROOM OR ITS
3 EQUIPMENT, OR OTHER PHYSICAL OBJECTS RELATING TO VIDEO LOTTERY
4 OPERATIONS.

5 9-1A-05.

6 (A) THE COMMISSION MAY ISSUE NO MORE THAN FOUR VIDEO LOTTERY
7 OPERATION LICENSES.

8 (B) THE FOLLOWING PERSONS MAY SUBMIT AN APPLICATION FOR A VIDEO
9 LOTTERY OPERATION LICENSE:

10 (1) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT
11 LAUREL PARK IN ANNE ARUNDEL COUNTY;

12 (2) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING FOR THE
13 PIMLICO RACE COURSE IN BALTIMORE CITY;

14 (3) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING FOR THE
15 ROSECROFT RACEWAY IN PRINCE GEORGE'S COUNTY; AND

16 (4) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT THE
17 HORSE RACECOURSE IN ALLEGANY COUNTY.

18 (C) THE COMMISSION MAY ONLY ISSUE A VIDEO LOTTERY OPERATION
19 LICENSE:

20 (1) TO AN APPLICANT WHO IS THE HOLDER OF A LICENSE TO HOLD A
21 RACE MEETING DESCRIBED UNDER SUBSECTION (B) OF THIS SECTION; AND

22 (2) FOR A GEOGRAPHIC LOCATION IN ALLEGANY COUNTY OR FOR THE
23 GEOGRAPHIC LOCATION ON JUNE 1, 2004 OF THE HORSE RACECOURSE FOR WHICH
24 THE APPLICANT HOLDS THE LICENSE TO HOLD A RACE MEETING.

25 9-1A-06.

26 (A) THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

27 (1) A VIDEO LOTTERY OPERATOR;

28 (2) A MANUFACTURER;

29 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS
30 SUBSECTION WHO MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR
31 PROVIDES SERVICE, MAINTENANCE, OR REPAIRS FOR VIDEO LOTTERY TERMINALS;
32 AND

33 (4) A VIDEO LOTTERY EMPLOYEE.

1 (B) THE COMMISSION MAY BY REGULATION REQUIRE A PERSON THAT
2 CONTRACTS WITH A LICENSEE AND THE PERSON'S EMPLOYEES TO OBTAIN A
3 LICENSE UNDER THIS SUBTITLE IF THE COMMISSION DETERMINES THAT THE
4 LICENSING REQUIREMENTS ARE NECESSARY IN ORDER TO PROTECT THE PUBLIC
5 INTEREST AND ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

6 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
7 UNLESS AN INDIVIDUAL HOLDS A VALID LICENSE ISSUED UNDER THIS SUBTITLE,
8 THE INDIVIDUAL MAY NOT BE EMPLOYED BY A LICENSEE AS A VIDEO LOTTERY
9 EMPLOYEE.

10 (2) THE COMMISSION BY REGULATION MAY EXEMPT CATEGORIES OF
11 VIDEO LOTTERY EMPLOYEES WHO ARE NOT DIRECTLY INVOLVED IN THE VIDEO
12 LOTTERY OPERATIONS FROM THE REQUIREMENT UNDER PARAGRAPH (1) OF THIS
13 SUBSECTION IF THE COMMISSION DETERMINES THAT THE REQUIREMENT IS NOT
14 NECESSARY IN ORDER TO PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE
15 POLICIES ESTABLISHED UNDER THIS SUBTITLE.

16 9-1A-07.

17 (A) AN APPLICANT FOR A LICENSE SHALL SUBMIT TO THE COMMISSION AN
18 APPLICATION:

19 (1) IN THE FORM THAT THE COMMISSION REQUIRES; AND

20 (2) ON OR BEFORE THE DATE SET BY THE COMMISSION.

21 (B) (1) THIS SUBSECTION DOES NOT APPLY TO LICENSE FEES FOR A VIDEO
22 LOTTERY OPERATION LICENSE.

23 (2) THE COMMISSION MAY BY REGULATION ESTABLISH A FEE FOR A
24 LICENSE UNDER THIS SUBTITLE.

25 (3) IF THE COMMISSION ESTABLISHES A FEE FOR A LICENSE, AN
26 APPLICANT SHALL SUBMIT THE FEE WITH THE APPLICATION.

27 (C) (1) APPLICANTS AND LICENSEES SHALL HAVE THE AFFIRMATIVE
28 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
29 PERSON'S QUALIFICATIONS.

30 (2) APPLICANTS AND LICENSEES SHALL PROVIDE INFORMATION
31 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING
32 TO QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION.

33 (3) APPLICANTS AND LICENSEES SHALL CONSENT TO INSPECTIONS,
34 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR REGULATIONS
35 ISSUED UNDER THIS SUBTITLE.

36 (4) (I) APPLICANTS AND LICENSEES SHALL HAVE THE CONTINUING
37 DUTY TO:

1 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
2 THE COMMISSION; AND

3 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR
4 HEARING CONDUCTED BY THE COMMISSION.

5 (II) ON ISSUANCE OF A FORMAL REQUEST TO ANSWER OR
6 PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR LICENSEE
7 REFUSES TO COMPLY, THE APPLICATION OR LICENSE OF THE PERSON MAY BE
8 DENIED, SUSPENDED, OR REVOKED BY THE COMMISSION.

9 (5) (I) IF THE APPLICANT IS AN INDIVIDUAL, THE APPLICANT SHALL
10 BE PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND
11 INVESTIGATION PURPOSES.

12 (II) IF THE APPLICANT IS NOT AN INDIVIDUAL, THE COMMISSION
13 BY REGULATION MAY ESTABLISH THE CATEGORIES OF INDIVIDUALS WHO SHALL BE
14 PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND INVESTIGATION
15 PURPOSES.

16 (6) (I) APPLICANTS AND LICENSEES SHALL HAVE A DUTY TO INFORM
17 THE COMMISSION OF AN ACT OR OMISSION THAT THE PERSON KNOWS OR SHOULD
18 KNOW CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ISSUED
19 UNDER THIS SUBTITLE.

20 (II) APPLICANTS AND LICENSEES MAY NOT DISCRIMINATE
21 AGAINST A PERSON WHO IN GOOD FAITH INFORMS THE COMMISSION OF AN ACT OR
22 OMISSION THAT THE PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS
23 SUBTITLE OR THE REGULATIONS ISSUED UNDER THIS SUBTITLE.

24 (7) APPLICANTS AND LICENSEES SHALL PRODUCE INFORMATION,
25 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING
26 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

27 (I) THE FINANCIAL STABILITY, INTEGRITY, AND RESPONSIBILITY
28 OF THE APPLICANT OR LICENSEE;

29 (II) THE INTEGRITY OF ANY FINANCIAL BACKERS, INVESTORS,
30 MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF
31 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

32 (III) THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER, HONESTY,
33 AND INTEGRITY; AND

34 (IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
35 APPLICANT OR LICENSEE.

36 (D) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED UNDER
37 THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE
38 COMMISSION, THE COMMISSION SHALL:

1 (1) REFER THE APPLICATION TO THE DEPARTMENT OF STATE POLICE
2 TO CONDUCT A BACKGROUND INVESTIGATION UNDER § 9-1A-20 OF THIS SUBTITLE
3 ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON WHO IS REQUIRED
4 TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE; AND

5 (2) IF THE APPLICANT IS APPLYING FOR A VIDEO LOTTERY OPERATION
6 LICENSE, CONDUCT A HEARING ON THE QUALIFICATIONS OF THE APPLICANT AND
7 ANY PERSON WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A
8 CONDITION OF A LICENSE.

9 (E) (1) AFTER RECEIVING THE RESULTS OF THE BACKGROUND
10 INVESTIGATION AND CONDUCTING ANY HEARING REQUIRED UNDER THIS SUBTITLE,
11 THE COMMISSION MAY EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE
12 COMMISSION DETERMINES TO BE QUALIFIED OR DENY THE LICENSE TO AN
13 APPLICANT WHOM THE COMMISSION DETERMINES TO BE NOT QUALIFIED OR
14 DISQUALIFIED.

15 (2) IF AN APPLICATION FOR A LICENSE IS DENIED, THE COMMISSION
16 SHALL PREPARE AND FILE AN ORDER DENYING THE LICENSE WITH A STATEMENT OF
17 THE REASONS FOR THE DENIAL, INCLUDING THE SPECIFIC FINDINGS OF FACT.

18 (F) EXCEPT AS PROVIDED IN § 9-1A-13 OF THIS SUBTITLE, IF SATISFIED THAT
19 AN APPLICANT IS QUALIFIED TO RECEIVE A LICENSE, AND ON TENDER OF ALL
20 REQUIRED APPLICATION, LICENSE, AND OTHER FEES AND TAXES, AND ANY BOND
21 REQUIRED UNDER § 9-1A-04(E) OF THIS SUBTITLE, THE COMMISSION SHALL ISSUE A
22 LICENSE FOR A TERM OF 1 YEAR.

23 9-1A-08.

24 (A) IN ADDITION TO OTHER INFORMATION REQUIRED BY THIS SUBTITLE, A
25 BUSINESS ENTITY APPLYING FOR A VIDEO LOTTERY OPERATION LICENSE SHALL
26 PROVIDE THE FOLLOWING INFORMATION:

27 (1) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF ALL
28 BUSINESSES OPERATED BY THE BUSINESS ENTITY;

29 (2) THE NAMES, PERSONAL EMPLOYMENT, AND CRIMINAL HISTORIES
30 OF THE OFFICERS, DIRECTORS, PARTNERS, AND PRINCIPAL EMPLOYEES OF THE
31 BUSINESS ENTITY;

32 (3) THE NAMES OF ALL HOLDING, INTERMEDIARY, AND SUBSIDIARY
33 COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES OF THE BUSINESS ENTITY;

34 (4) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF ALL
35 BUSINESSES OPERATED BY THE BUSINESS ENTITY'S HOLDING, INTERMEDIARY, AND
36 SUBSIDIARY COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES;

37 (5) THE RIGHTS AND PRIVILEGES ACQUIRED BY THE HOLDERS OF
38 DIFFERENT CLASSES OF AUTHORIZED SECURITIES, PARTNERSHIP INTERESTS, OR
39 OTHER SIMILAR OWNERSHIP INTERESTS OF THE BUSINESS ENTITY AND ITS

1 HOLDING, INTERMEDIARY, AND SUBSIDIARY COMPANIES OR OTHER SIMILAR
2 BUSINESS ENTITIES;

3 (6) THE TERMS ON WHICH THE SECURITIES, PARTNERSHIP INTERESTS,
4 OR OTHER SIMILAR OWNERSHIP INTERESTS HAVE BEEN OR ARE TO BE OFFERED;

5 (7) THE TERMS AND CONDITIONS OF ALL OUTSTANDING LOANS,
6 MORTGAGES, TRUST DEEDS, PLEDGES, OR OTHER INDEBTEDNESS OR SECURITY
7 DEVICES UTILIZED BY THE BUSINESS ENTITY;

8 (8) THE EXTENT OF THE EQUITY SECURITY HOLDING IN THE BUSINESS
9 ENTITY OF THE OFFICERS, DIRECTORS, PARTNERS, AND UNDERWRITERS AND THEIR
10 REMUNERATION IN THE FORM OF SALARY, WAGES, FEES, OR OTHERWISE;

11 (9) THE NAMES OF PERSONS OTHER THAN THE DIRECTORS AND
12 OFFICERS WHO OCCUPY POSITIONS SPECIFIED BY THE COMMISSION OR WHOSE
13 COMPENSATION EXCEEDS AN AMOUNT DETERMINED BY THE COMMISSION;

14 (10) THE NAMES OF PERSONS WHO OWN OR CONTROL THE BUSINESS
15 ENTITY;

16 (11) A DESCRIPTION OF ALL BONUS AND PROFIT SHARING
17 ARRANGEMENTS;

18 (12) COPIES OF MANAGEMENT AND SERVICE CONTRACTS; AND

19 (13) A LISTING OF STOCK OPTIONS.

20 (B) IF A BUSINESS ENTITY THAT APPLIES FOR A VIDEO LOTTERY OPERATION
21 LICENSE IS A SUBSIDIARY OR IF A BUSINESS ENTITY HOLDING A VIDEO LOTTERY
22 OPERATION LICENSE IS TO BECOME A SUBSIDIARY, EACH HOLDING COMPANY AND
23 EACH INTERMEDIARY COMPANY WITH RESPECT TO THE BUSINESS ENTITY SHALL, AS
24 A CONDITION OF THE SUBSIDIARY ACQUIRING OR RETAINING A VIDEO LOTTERY
25 OPERATION LICENSE:

26 (1) QUALIFY TO DO BUSINESS IN THE STATE; OR

27 (2) FURNISH THE COMMISSION WITH THE INFORMATION REQUIRED
28 UNDER SUBSECTION (A) OF THIS SECTION AND OTHER INFORMATION THAT THE
29 COMMISSION MAY REQUIRE.

30 (C) AN INDIVIDUAL APPLYING FOR A VIDEO LOTTERY OPERATION LICENSE
31 SHALL PROVIDE TO THE EXTENT APPLICABLE TO AN INDIVIDUAL THE INFORMATION
32 REQUIRED UNDER SUBSECTION (A) OF THIS SECTION IN THE FORM REQUIRED BY
33 THE COMMISSION.

34 (D) THE COMMISSION SHALL DENY A VIDEO LOTTERY OPERATION LICENSE
35 TO AN APPLICANT WHO IS DISQUALIFIED ON THE BASIS OF ANY OF THE FOLLOWING
36 CRITERIA:

1 (1) FAILURE OF THE APPLICANT TO PROVE BY CLEAR AND CONVINCING
2 EVIDENCE THAT THE APPLICANT AND EACH PERSON WHO OWNS OR CONTROLS THE
3 APPLICANT ARE QUALIFIED UNDER THE PROVISIONS OF THIS SUBTITLE;

4 (2) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
5 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO PROVIDE
6 INFORMATION, DOCUMENTATION, AND ASSURANCES REQUIRED BY THIS SUBTITLE
7 OR REQUESTED BY THE COMMISSION;

8 (3) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
9 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO REVEAL ANY
10 FACT MATERIAL TO QUALIFICATION;

11 (4) SUPPLYING, BY THE APPLICANT OR ANY PERSON REQUIRED TO BE
12 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE, OF INFORMATION
13 THAT IS UNTRUE OR MISLEADING AS TO A MATERIAL FACT CONCERNING THE
14 QUALIFICATION CRITERIA;

15 (5) CONVICTION OF THE APPLICANT OR OF ANY PERSON REQUIRED TO
16 BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE OF AN
17 OFFENSE UNDER THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN
18 THE UNITED STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE
19 OR A GAMBLING OFFENSE;

20 (6) CURRENT PROSECUTION OF THE APPLICANT OR A PERSON WHO IS
21 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
22 FOR AN OFFENSE DESCRIBED UNDER ITEM (5) OF THIS PARAGRAPH; HOWEVER, AT
23 THE REQUEST OF THE APPLICANT, THE COMMISSION MAY DEFER DECISION ON THE
24 APPLICATION DURING THE PENDENCY OF THE CHARGE;

25 (7) PURSUIT BY THE APPLICANT OR A PERSON WHO IS REQUIRED TO BE
26 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE OF ECONOMIC
27 GAIN IN AN OCCUPATIONAL MANNER OR CONTEXT THAT IS IN VIOLATION OF THE
28 LAWS OF THE STATE, IF THE PURSUIT CREATES A REASONABLE BELIEF THAT
29 PARTICIPATION OF THE APPLICANT IN VIDEO LOTTERY OPERATIONS WOULD BE
30 INIMICAL TO THE POLICIES OF THIS SUBTITLE;

31 (8) IDENTIFICATION OF THE APPLICANT OR A PERSON WHO IS
32 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
33 AS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER CARTEL OR AN
34 ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER
35 THAT CREATES A REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS
36 TO BE INIMICAL TO THE POLICIES OF THIS SUBTITLE;

37 (9) COMMITTING OF AN ACT BY THE APPLICANT OR A PERSON WHO IS
38 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
39 THAT WOULD CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (5) OF THIS
40 SUBSECTION, EVEN IF THE ACT HAS NOT BEEN OR MAY NOT BE PROSECUTED UNDER
41 THE CRIMINAL LAWS OF THE STATE;

1 (10) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON WHO IS
2 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
3 OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL INVESTIGATORY
4 BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE UNITED STATES
5 WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES RELATING TO
6 GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY; AND

7 (11) ANY OTHER REASON ESTABLISHED IN REGULATIONS OF THE
8 COMMISSION AS A REASON FOR DENYING A LICENSE.

9 (E) AN APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE, OTHER THAN
10 A HORSE RACECOURSE IN ALLEGANY COUNTY, SHALL MEET THE FOLLOWING
11 REQUIREMENTS BY CLEAR AND CONVINCING EVIDENCE:

12 (1) THE CONSTRUCTION PROJECT AT THE TRACK LOCATION FOR THE
13 APPLICANT'S VIDEO LOTTERY FACILITY SHALL COST AT LEAST \$150,000,000 IN DIRECT
14 INVESTMENT BY THE APPLICANT IN CONSTRUCTION AND RELATED COSTS; AND

15 (2) (I) THE APPLICANT SHALL PROVIDE THE EQUIVALENT OF AT
16 LEAST 500 ADDITIONAL FULL-TIME POSITIONS AT THE LOCATION OF THE VIDEO
17 LOTTERY FACILITY; AND

18 (II) THE POSITIONS CREATED UNDER THIS ITEM SHALL COMPLY
19 WITH ANY LOCAL LAWS, ORDINANCES, OR REGULATIONS REGARDING PAYMENT OF A
20 LIVING WAGE OR OTHER REQUIREMENTS RELATING TO EMPLOYMENT IN THE
21 COUNTY WHERE THE VIDEO LOTTERY FACILITY WILL BE LOCATED.

22 (F) AN APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE THAT IS A
23 HORSE RACECOURSE IN ALLEGANY COUNTY SHALL MEET THE FOLLOWING
24 REQUIREMENTS BY CLEAR AND CONVINCING EVIDENCE:

25 (1) THE CONSTRUCTION PROJECT AT THE TRACK LOCATION FOR THE
26 APPLICANT'S VIDEO LOTTERY FACILITY SHALL COST AT LEAST \$43,000,000 IN DIRECT
27 INVESTMENT BY THE APPLICANT IN CONSTRUCTION AND RELATED COSTS; AND

28 (2) (I) THE APPLICANT SHALL PROVIDE THE EQUIVALENT OF AT
29 LEAST 150 ADDITIONAL FULL-TIME POSITIONS AT THE LOCATION OF THE VIDEO
30 LOTTERY FACILITY; AND

31 (II) THE POSITIONS CREATED UNDER THIS ITEM SHALL COMPLY
32 WITH ANY LOCAL LAWS, ORDINANCES, OR REGULATIONS REGARDING PAYMENT OF A
33 LIVING WAGE OR OTHER REQUIREMENTS RELATING TO EMPLOYMENT IN ALLEGANY
34 COUNTY.

35 (G) (1) NOTHING IN THIS SECTION MAY BE CONSTRUED TO PROHIBIT A
36 VIDEO LOTTERY OPERATION LICENSEE FROM BEGINNING VIDEO LOTTERY
37 OPERATIONS IN A TEMPORARY FACILITY THAT MEETS THE MINIMUM
38 REQUIREMENTS ADOPTED IN REGULATION BY THE COMMISSION.

1 (2) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS
2 SUBSECTION, A VIDEO LOTTERY OPERATION LICENSEE SHALL BE FULLY
3 OPERATIONAL IN A PERMANENT FACILITY AS DEFINED BY THE COMMISSION IN
4 REGULATION, NO LATER THAN 2 YEARS AFTER THE ISSUANCE OF THE VIDEO
5 LOTTERY OPERATION LICENSE.

6 9-1A-09.

7 (A) AS A CONDITION OF LICENSURE, A VIDEO LOTTERY OPERATION LICENSEE
8 SHALL MAINTAIN AT LEAST THE FOLLOWING LIVE RACING DAYS FOR HORSE RACING:

9 (1) 220 DAYS FOR THE COMBINED LICENSEES AT LAUREL PARK AND
10 PIMLICO RACE COURSE;

11 (2) 180 DAYS FOR A LICENSEE AT ROSECROFT RACEWAY; AND

12 (3) 21 DAYS FOR A LICENSEE AT A HORSE RACECOURSE IN ALLEGANY
13 COUNTY.

14 (B) (1) IF VIDEO LOTTERY OPERATION LICENSES HAVE BEEN ISSUED FOR
15 THE PIMLICO RACE COURSE AND LAUREL PARK, THE VIDEO LOTTERY OPERATION
16 LICENSES FOR EACH LOCATION SHALL BE REVOKED IF THE NAME, COMMON LAW
17 AND STATUTORY COPYRIGHTS, SERVICE MARKS, TRADEMARKS, TRADE NAMES, OR
18 HORSE RACING EVENTS THAT ARE ASSOCIATED WITH THE PREAKNESS STAKES OR
19 THE WOODLAWN VASE ARE TRANSFERRED TO A LOCATION OUTSIDE OF THE STATE.

20 (2) AS AN ADDITIONAL CONDITION OF A VIDEO LOTTERY OPERATION
21 LICENSE, THE LICENSEES DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION
22 SHALL BE REQUIRED TO:

23 (I) PROMOTE AND CONDUCT THE PREAKNESS STAKES AT THE
24 PIMLICO RACE COURSE EACH YEAR; OR

25 (II) IF THE PIMLICO RACE COURSE NO LONGER EXISTS, THE
26 PREAKNESS STAKES RACE IS PREVENTED FROM BEING CONDUCTED AT THE PIMLICO
27 RACE COURSE, OR THE STATE RACING COMMISSION, UNDER § 11-513 OF THE
28 BUSINESS REGULATION ARTICLE, DEEMS AN EMERGENCY EXISTS, PROMOTE AND
29 CONDUCT THE PREAKNESS STAKES RACE EACH YEAR AT ANOTHER TRACK LOCATED
30 IN THE STATE THAT IS APPROVED BY THE STATE RACING COMMISSION.

31 (C) IF A LICENSEE HAS BEEN ISSUED A VIDEO LOTTERY LICENSE FOR LAUREL
32 PARK, THE EVENT KNOWN AS THE MARYLAND MILLION SHALL BE RUN ANNUALLY
33 AT LAUREL PARK UNLESS:

34 (1) THE LICENSEE IS PREVENTED FROM DOING SO BY WEATHER, ACTS
35 OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE CONTROL OF THE LICENSEE; OR

36 (2) THE LICENSEE AND THE MARYLAND MILLION LLC AGREE TO
37 ANOTHER LOCATION THAT IS APPROVED BY THE STATE RACING COMMISSION.

1 (D) (1) AS A CONDITION OF CONTINUED LICENSURE, EACH LICENSEE
2 SHALL DEVELOP AND SUBMIT TO THE COMMISSION A MULTIYEAR PLAN TO IMPROVE
3 THE QUALITY AND MARKETING OF HORSE RACING AT THE LOCATION WHERE THE
4 LICENSE IS GRANTED.

5 (2) EACH PLAN SHALL INCLUDE:

6 (I) GOALS, INDICATORS, AND TIMELINES FOR SPECIFIC ACTIONS
7 THAT WILL BE TAKEN BY THE LICENSEE TO IMPROVE THE QUALITY AND MARKETING
8 OF THE HORSE RACING INDUSTRY IN MARYLAND; AND

9 (II) A MASTER PLAN FOR CAPITAL IMPROVEMENTS THAT
10 REFLECTS, AT A MINIMUM:

11 1. COMMITMENTS THAT HAVE BEEN MADE TO THE STATE
12 RACING COMMISSION;

13 2. AN ONGOING INVESTMENT IN CAPITAL MAINTENANCE
14 AND IMPROVEMENTS IN THE HORSE RACING FACILITIES THAT ARE NOT IN
15 ALLEGANY COUNTY OF AT LEAST \$4,000,000 ANNUALLY; AND

16 3. AN ONGOING INVESTMENT IN CAPITAL MAINTENANCE
17 AND IMPROVEMENTS IN THE HORSE RACING FACILITIES IN ALLEGANY COUNTY OF
18 AT LEAST \$1,150,000 ANNUALLY.

19 (3) (I) HOLDERS OF A LICENSE ISSUED BY THE RACING COMMISSION
20 THAT RECEIVE A SHARE OF THE PROCEEDS UNDER THIS SUBTITLE SHALL JOINTLY
21 DEVELOP A MULTIYEAR PLAN TO IMPROVE THE QUALITY AND MARKETING OF THE
22 HORSE RACING INDUSTRY IN MARYLAND.

23 (II) THE JOINT PLAN SHALL INCLUDE GOALS, INDICATORS, AND
24 TIMELINES FOR SPECIFIC ACTIONS THAT WILL BE TAKEN BY THE THOROUGHBRED
25 AND HARNESS RACING INDUSTRY TO IMPROVE THE QUALITY AND MARKETING OF
26 THE HORSE RACING INDUSTRY IN MARYLAND, INCLUDING JOINT MARKETING
27 EFFORTS.

28 (E) THE PLANS REQUIRED UNDER SUBSECTION (D) OF THIS SECTION SHALL
29 ALSO BE PROVIDED TO THE STATE RACING COMMISSION AND TO THE LEGISLATIVE
30 POLICY COMMITTEE OF THE GENERAL ASSEMBLY.

31 9-1A-10.

32 (A) IN THIS SECTION, "QUALIFIED INVESTOR" MEANS AN INDIVIDUAL WHO
33 MEETS:

34 (1) THE QUALIFICATIONS AND CRITERIA ESTABLISHED BY §§ 9-1A-07
35 AND 9-1A-08 OF THIS SUBTITLE FOR A VIDEO LOTTERY OPERATION LICENSE;

36 (2) THE CRITERIA RELATED TO QUALIFIED INVESTORS UNDER THE
37 SECURITIES ACT OF 1933; AND

1 (3) WITH THE EXCEPTION OF § 14-301(I)(3) OF THE STATE FINANCE AND
2 PROCUREMENT ARTICLE, THE REQUIREMENTS OF TITLE 14, SUBTITLE 3 OF THE
3 STATE FINANCE AND PROCUREMENT ARTICLE FOR CERTIFICATION AS A MINORITY
4 BUSINESS ENTERPRISE.

5 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, ON
6 OR BEFORE AUGUST 31, 2004, AN APPLICANT FOR A VIDEO LOTTERY OPERATION
7 LICENSE, OTHER THAN A HORSE RACECOURSE IN ALLEGANY COUNTY, SHALL OFFER
8 FOR SALE TO QUALIFIED INVESTORS AT LEAST 15% OF THE EQUITY OWNERSHIP,
9 EITHER DIRECT OR INDIRECT, OF THE ENTITY OR ENTITIES THAT HOLD OR WILL
10 HOLD THE APPLICANT'S:

11 (I) MILE THOROUGHBRED OR HARNESS RACING LICENSE; AND

12 (II) VIDEO LOTTERY OPERATION LICENSE.

13 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, ON
14 OR BEFORE AUGUST 31, 2006, AN APPLICANT FOR A VIDEO LOTTERY OPERATION
15 LICENSE THAT IS A HORSE RACECOURSE IN ALLEGANY COUNTY SHALL OFFER FOR
16 SALE TO QUALIFIED INVESTORS AT LEAST 15% OF THE EQUITY OWNERSHIP, EITHER
17 DIRECT OR INDIRECT, OF THE ENTITY OR ENTITIES THAT HOLD OR WILL HOLD THE
18 APPLICANT'S:

19 (I) MILE THOROUGHBRED OR HARNESS RACING LICENSE; AND

20 (II) VIDEO LOTTERY OPERATION LICENSE.

21 (3) IF AN APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE IS AN
22 ENTITY THAT HOLDS MORE THAN ONE MILE THOROUGHBRED OR HARNESS RACING
23 LICENSE AND IS ELIGIBLE FOR MORE THAN ONE VIDEO LOTTERY OPERATION
24 LICENSE, THE APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE SHALL OFFER
25 TO QUALIFIED INVESTORS AT LEAST 10% OF THE EQUITY OWNERSHIP OF THE
26 ENTITY.

27 (C) IN ITS APPLICATION FOR A VIDEO LOTTERY OPERATION LICENSE, AN
28 APPLICANT SHALL DESCRIBE THE PROCESS THE APPLICANT HAS DEVELOPED TO:

29 (1) MAKE THE AVAILABILITY OF THIS INVESTMENT OPPORTUNITY
30 WIDELY KNOWN TO QUALIFIED INVESTORS;

31 (2) SCREEN AND SELECT THE POTENTIAL INVESTORS; AND

32 (3) ENSURE, CONSISTENT WITH THE EXERCISE OF SOUND BUSINESS
33 JUDGMENT, THAT QUALIFIED INVESTORS WHO RESIDE IN MARYLAND ARE
34 PROVIDED WITH A PREFERENCE FOR SELECTION WITH A GOAL OF AT LEAST 50% OF
35 QUALIFIED INVESTORS.

36 (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND TO
37 REGULATORY APPROVAL, PRIOR TO THE DATE A VIDEO LOTTERY OPERATION
38 LICENSE IS ISSUED UNDER THIS SUBTITLE, AN APPLICANT SHALL HAVE SOLD OR

1 HAVE EXECUTED CONTRACTS FOR THE SALE OF THE PERCENTAGE OF THE
2 APPLICANT'S EQUITY OWNERSHIP INTEREST AS REQUIRED IN SUBSECTION (B) OF
3 THIS SECTION.

4 (2) (I) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, AN
5 APPLICANT MAY NOT BE REQUIRED TO SELL AN EQUITY OWNERSHIP INTEREST IN
6 THE ENTITIES DESCRIBED IN SUBSECTION (B) OF THIS SECTION FOR A PRICE THAT IS
7 LESS THAN:

8 1. FAIR MARKET VALUE; OR

9 2. AS ADJUSTED ON A PRO RATA BASIS, THE VALUE PAID BY
10 THE PRIMARY EQUITY HOLDER FOR ITS OWNERSHIP INTEREST AS EVIDENCED BY
11 THE AMOUNT OF THE EQUITY INVESTMENT MADE OR TO BE MADE BY THE PRIMARY
12 EQUITY HOLDER.

13 (II) AT THE REQUEST OF A QUALIFIED INVESTOR, THE
14 COMMISSION SHALL REVIEW AND APPROVE THE PRICE DETERMINED BY THE
15 APPLICANT IN SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.

16 (E) (1) THE COMMISSION SHALL SUBMIT TO THE LEGISLATIVE POLICY
17 COMMITTEE OF THE GENERAL ASSEMBLY THE NAMES OF AND BACKGROUND
18 INFORMATION ON THE EQUITY OWNERS AND PROSPECTIVE EQUITY OWNERS OF AN
19 APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE.

20 (2) THE INFORMATION REQUIRED UNDER THIS SUBSECTION SHALL BE
21 PROVIDED TO THE LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY
22 AT LEAST 30 DAYS PRIOR TO THE AWARD OF A VIDEO LOTTERY OPERATION LICENSE.

23 (F) (1) FOR THE CONSTRUCTION OF FACILITIES AND PROCUREMENT
24 RELATED TO THE OPERATION OF VIDEO LOTTERY TERMINALS, THE APPLICANT OR
25 LICENSEE SHALL AT A MINIMUM MEET THE SAME REQUIREMENTS OF A
26 DESIGNATED UNIT FOR MINORITY BUSINESS PARTICIPATION AS DESCRIBED UNDER
27 TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

28 (2) IF THE COUNTY IN WHICH A VIDEO LOTTERY FACILITY WILL BE
29 LOCATED HAS HIGHER MINORITY BUSINESS PARTICIPATION REQUIREMENTS THAN
30 THE STATE AS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, THE APPLICANT
31 SHALL MEET THE COUNTY'S MINORITY BUSINESS PARTICIPATION REQUIREMENTS
32 TO THE EXTENT POSSIBLE.

33 (3) A COLLECTIVE BARGAINING AGREEMENT OR AGREEMENTS,
34 INCLUDING A PROJECT LABOR AGREEMENT OR A NEUTRALITY AGREEMENT,
35 ENTERED INTO BY AN APPLICANT OR LICENSEE MAY NOT NEGATE THE
36 REQUIREMENTS OF THIS SUBSECTION.

37 (4) NOTWITHSTANDING ANY COLLECTIVE BARGAINING AGREEMENT OR
38 AGREEMENTS, AN APPLICANT OR LICENSEE SHALL GIVE A PREFERENCE TO HIRING
39 QUALIFIED EMPLOYEES FROM THE COMMUNITIES IN CLOSE PROXIMITY TO THE
40 VIDEO LOTTERY FACILITY.

1 (G) (1) THE COMMISSION SHALL ENSURE THAT A VIDEO LOTTERY
2 OPERATION LICENSEE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION AS A
3 CONDITION OF HOLDING THE VIDEO LOTTERY OPERATION LICENSE.

4 (2) THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS SHALL MONITOR A
5 LICENSEE'S COMPLIANCE WITH THIS SECTION.

6 (3) THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS SHALL REPORT TO
7 THE COMMISSION AT LEAST EVERY 6 MONTHS ON THE COMPLIANCE OF LICENSEES
8 WITH THIS SECTION.

9 (4) IF THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS REPORTS THAT A
10 LICENSEE IS NOT IN COMPLIANCE WITH THIS SECTION, THE COMMISSION SHALL
11 TAKE IMMEDIATE ACTION TO ENSURE THE COMPLIANCE OF THE LICENSEE.

12 (H) THE PROVISIONS OF THIS SECTION AND ANY REGULATIONS ADOPTED
13 UNDER THIS SECTION SHALL BE OF NO EFFECT AND MAY NOT BE ENFORCED ON OR
14 AFTER JULY 1, 2007.

15 9-1A-11.

16 (A) (1) ON OR BEFORE OCTOBER 1, 2004, AN APPLICANT FOR A VIDEO
17 LOTTERY OPERATION LICENSE, OTHER THAN A HORSE RACECOURSE IN ALLEGANY
18 COUNTY, SHALL SUBMIT TO THE COMMISSION AN APPLICATION AS PROVIDED IN
19 THIS SUBTITLE AND A \$5,000,000 APPLICATION FEE.

20 (2) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
21 COMMISSION MAY NOT ACCEPT ANY APPLICATIONS FOR VIDEO LOTTERY OPERATION
22 LICENSES OR APPLICATION FEES AFTER OCTOBER 1, 2004.

23 (B) (1) ON OR BEFORE OCTOBER 1, 2006, AN APPLICANT FOR A VIDEO
24 LOTTERY OPERATION LICENSE THAT IS A HORSE RACECOURSE IN ALLEGANY
25 COUNTY SHALL SUBMIT TO THE COMMISSION AN APPLICATION AS PROVIDED IN THIS
26 SUBTITLE AND A \$1,500,000 APPLICATION FEE.

27 (2) THE COMMISSION MAY NOT ACCEPT AN APPLICATION FOR A VIDEO
28 LOTTERY OPERATIONS LICENSE OR AN APPLICATION FEE FROM A HORSE
29 RACECOURSE IN ALLEGANY COUNTY AFTER OCTOBER 1, 2006.

30 (C) ANY VIDEO LOTTERY OPERATION LICENSES NOT ISSUED FOR A LOCATION
31 AUTHORIZED UNDER THIS SUBTITLE SHALL AUTOMATICALLY REVERT TO THE
32 STATE.

33 9-1A-12.

34 IF A VIDEO LOTTERY OPERATION LICENSEE CONTRACTS WITH ANOTHER
35 PERSON OTHER THAN AN EMPLOYEE OF THE VIDEO LOTTERY OPERATION LICENSEE
36 TO PROVIDE ANY OF THE SERVICES RELATED TO OPERATING A VIDEO LOTTERY
37 FACILITY, EACH PERSON AND EACH OTHER PERSON WHO OWNS OR CONTROLS THE
38 PERSON OR MANAGEMENT AND SUPERVISORY PERSONNEL AND OTHER PRINCIPAL

1 EMPLOYEES OF THE PERSON SHALL QUALIFY UNDER THE STANDARDS AND
2 PROVISIONS SET FORTH IN §§ 9-1A-07 AND 9-1A-08 OF THIS SUBTITLE FOR VIDEO
3 LOTTERY OPERATION LICENSEES.

4 9-1A-13.

5 (A) THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE IS 15
6 YEARS.

7 (B) DURING THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE,
8 THE LICENSEE SHALL PROVIDE THE COMMISSION WITH AN ANNUAL UPDATE OF THE
9 INFORMATION REQUIRED UNDER THIS SUBTITLE FOR THE ISSUANCE OF A LICENSE
10 BY THE DATE SET BY THE COMMISSION IN REGULATIONS AND ON THE FORM
11 REQUIRED BY THE COMMISSION.

12 (C) AT THE END OF THE INITIAL 15-YEAR LICENSE TERM, A VIDEO LOTTERY
13 OPERATION LICENSEE MAY REAPPLY FOR A LICENSE THAT HAS A LICENSE TERM OF
14 10 YEARS AND LICENSE FEE TO BE ESTABLISHED BY STATUTE.

15 (D) IF A LICENSEE HAS ITS LICENSE REVOKED OR OTHERWISE SURRENDERS
16 THE LICENSE, THE VIDEO LOTTERY OPERATION LICENSE REVERTS TO THE STATE.

17 9-1A-14.

18 (A) UNLESS AN INDIVIDUAL HOLDS A VALID VIDEO LOTTERY EMPLOYEE
19 LICENSE ISSUED BY THE COMMISSION, THE INDIVIDUAL MAY NOT BE EMPLOYED BY
20 A VIDEO LOTTERY OPERATION LICENSEE AS A VIDEO LOTTERY EMPLOYEE.

21 (B) BEFORE ISSUANCE OF A VIDEO LOTTERY EMPLOYEE LICENSE, AN
22 APPLICANT SHALL PROVIDE SUFFICIENT INFORMATION, DOCUMENTATION, AND
23 ASSURANCES THAT THE COMMISSION MAY REQUIRE.

24 (C) THE COMMISSION SHALL DENY A VIDEO LOTTERY EMPLOYEE LICENSE TO
25 AN APPLICANT WHO IS DISQUALIFIED DUE TO:

26 (1) THE APPLICANT'S FAILURE TO PROVE THE APPLICANT'S GOOD
27 CHARACTER, HONESTY, AND INTEGRITY;

28 (2) THE APPLICANT'S LACK OF EXPERTISE OR TRAINING TO BE A VIDEO
29 LOTTERY EMPLOYEE;

30 (3) THE APPLICANT'S CONVICTION FOR ANY CRIME INVOLVING MORAL
31 TURPITUDE OR GAMBLING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE;

32 (4) THE APPLICANT'S CURRENT PROSECUTION FOR ANY CRIME
33 INVOLVING MORAL TURPITUDE OR GAMBLING UNDER THE LAWS OF THE UNITED
34 STATES OR ANY STATE, BUT, AT THE REQUEST OF THE APPLICANT, THE COMMISSION
35 MAY DEFER A DECISION ON THE APPLICATION DURING THE PENDENCY OF THE
36 CHARGE;

1 (5) PURSUIT BY THE APPLICANT OF ECONOMIC GAIN IN AN
2 OCCUPATIONAL MANNER OR CONTEXT THAT IS IN VIOLATION OF THE LAWS OF THE
3 STATE, IF THE PURSUIT CREATES A REASONABLE BELIEF THAT PARTICIPATION OF
4 THE APPLICANT IN VIDEO LOTTERY OPERATIONS WOULD BE INIMICAL TO THE
5 POLICIES OF THIS SUBTITLE;

6 (6) IDENTIFICATION OF THE APPLICANT AS A CAREER OFFENDER OR A
7 MEMBER OF A CAREER OFFENDER CARTEL OR AN ASSOCIATE OF A CAREER
8 OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER THAT CREATES A
9 REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS TO BE INIMICAL
10 TO THE POLICIES OF THIS SUBTITLE;

11 (7) COMMISSION OF AN ACT BY THE APPLICANT THAT WOULD
12 CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (3) OF THIS SUBSECTION, EVEN
13 IF THE ACT HAS NOT BEEN OR MAY NOT BE PROSECUTED UNDER THE CRIMINAL
14 LAWS OF THE STATE;

15 (8) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON WHO IS
16 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
17 OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL INVESTIGATORY
18 BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE UNITED STATES
19 WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES RELATING TO
20 GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY; AND

21 (9) ANY OTHER REASON ESTABLISHED IN THE REGULATIONS OF THE
22 COMMISSION AS A REASON FOR DENYING A LICENSE.

23 9-1A-15.

24 (A) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER LICENSE
25 ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A LICENSEE OR
26 THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO LOTTERY TERMINAL,
27 ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR SERVICES THAT
28 DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY TERMINALS UNDER THIS
29 SUBTITLE.

30 (B) EACH MANUFACTURER, AND EACH PERSON WHO OWNS OR CONTROLS
31 THE MANUFACTURER OR MANAGEMENT AND SUPERVISORY PERSONNEL AND OTHER
32 PRINCIPAL EMPLOYEES OF THE MANUFACTURER, SHALL QUALIFY UNDER THE
33 STANDARDS AND PROVISIONS SET FORTH IN §§ 9-1A-07 AND 9-1A-08 OF THIS
34 SUBTITLE FOR VIDEO LOTTERY OPERATION LICENSEES.

35 (C) EXCEPT AS PROVIDED IN § 9-1A-16(A) OF THIS SUBTITLE, THE
36 COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF ANY LICENSING
37 REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A MANUFACTURER LICENSE.

38 (D) A MANUFACTURER OF THE VIDEO LOTTERY TERMINALS, ASSOCIATED
39 EQUIPMENT, AND CENTRAL COMPUTER SHALL MANUFACTURE OR DISTRIBUTE THE
40 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER
41 THAT MEET SPECIFICATIONS AND PROCEDURES ESTABLISHED BY THE COMMISSION.

1 9-1A-16.

2 (A) FOR ALL LICENSES REQUIRED UNDER THIS SUBTITLE OTHER THAN A
3 VIDEO LOTTERY OPERATION LICENSE, IF AN APPLICANT OR LICENSEE HOLDS A
4 VALID LICENSE IN ANOTHER STATE AND THE COMMISSION DETERMINES THAT THE
5 LICENSING STANDARDS OF THE OTHER STATE ARE COMPREHENSIVE, THOROUGH,
6 AND PROVIDE SIMILAR ADEQUATE SAFEGUARDS TO THOSE PROVIDED IN THIS
7 SUBTITLE, THE COMMISSION MAY:

8 (1) WAIVE SOME OR ALL OF THE REQUIREMENTS OF THIS SUBTITLE;
9 AND

10 (2) ISSUE A LICENSE TO A PERSON HAVING A SIMILAR LICENSE IN
11 ANOTHER STATE.

12 (B) (1) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON THE
13 REQUEST OF AN APPLICANT, THE COMMISSION MAY GRANT AN EXEMPTION OR
14 WAIVER OF A LICENSING REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE IF
15 THE COMMISSION DETERMINES THAT THE REQUIREMENT OR GROUNDS FOR DENIAL
16 OF A LICENSE AS APPLIED TO THE APPLICANT ARE NOT NECESSARY IN ORDER TO
17 PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE POLICIES ESTABLISHED BY
18 THIS SUBTITLE.

19 (2) ON GRANTING TO AN APPLICANT AN EXEMPTION OR WAIVER OF A
20 LICENSING REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE, OR AT ANY TIME
21 AFTER A WAIVER OR EXEMPTION HAS BEEN GRANTED, THE COMMISSION MAY:

22 (I) LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR
23 WAIVER AS THE COMMISSION CONSIDERS NECESSARY IN THE PUBLIC INTEREST;
24 AND

25 (II) REQUIRE THE PERSON WHO IS GRANTED THE EXEMPTION OR
26 WAIVER TO COOPERATE WITH THE COMMISSION AND TO PROVIDE THE COMMISSION
27 WITH ANY ADDITIONAL INFORMATION REQUIRED BY THE COMMISSION AS A
28 CONDITION OF THE WAIVER OR EXEMPTION.

29 (C) THE COMMISSION MAY NOT WAIVE ANY OF THE REQUIREMENTS OF THIS
30 SUBTITLE FOR ISSUANCE OF A VIDEO LOTTERY OPERATION LICENSE.

31 9-1A-17.

32 SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR SUSPEND
33 A LICENSE, A LICENSE IN FORCE MAY BE RENEWED BY THE COMMISSION FOR THE
34 NEXT SUCCEEDING LICENSE PERIOD ON:

35 (1) PROPER APPLICATION FOR RENEWAL; AND

36 (2) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND OTHER
37 FEES AND TAXES.

1 9-1A-18.

2 (A) BECAUSE THE PUBLIC HAS A VITAL INTEREST IN VIDEO LOTTERY
3 OPERATIONS AND HAS ESTABLISHED A LIMITED EXCEPTION TO THE POLICY OF THE
4 STATE CONCERNING GAMBLING FOR PRIVATE GAIN, PARTICIPATION IN VIDEO
5 LOTTERY OPERATIONS BY A LICENSEE UNDER THIS SUBTITLE SHALL BE DEEMED A
6 REVOCABLE PRIVILEGE CONDITIONED ON THE PROPER AND CONTINUED
7 QUALIFICATION OF THE LICENSEE AND ON THE DISCHARGE OF THE AFFIRMATIVE
8 RESPONSIBILITY OF EACH LICENSEE TO PROVIDE TO THE REGULATORY AND
9 INVESTIGATORY AUTHORITIES UNDER THIS SUBTITLE OR ANY OTHER PROVISION OF
10 LAW, ANY ASSISTANCE AND INFORMATION NECESSARY TO ASSURE THAT THE
11 POLICIES DECLARED BY THIS SUBTITLE ARE ACHIEVED.

12 (B) CONSISTENT WITH THE POLICY DESCRIBED IN SUBSECTION (A) OF THIS
13 SECTION, IT IS THE INTENT OF THIS SECTION TO:

14 (1) PRECLUDE:

15 (I) THE CREATION OF ANY PROPERTY RIGHT IN ANY LICENSE
16 REQUIRED UNDER THIS SUBTITLE;

17 (II) THE ACCRUAL OF ANY MONETARY VALUE TO THE PRIVILEGE
18 OF PARTICIPATION IN VIDEO LOTTERY OPERATIONS; AND

19 (III) THE TRANSFER OF ANY LICENSE ISSUED UNDER THIS
20 SUBTITLE; AND

21 (2) REQUIRE THAT PARTICIPATION IN VIDEO LOTTERY OPERATIONS BE
22 CONDITIONED SOLELY ON THE CONTINUING INDIVIDUAL QUALIFICATIONS OF THE
23 PERSON WHO SEEKS THE PRIVILEGE.

24 9-1A-19.

25 (A) A LICENSE ISSUED UNDER THIS SUBTITLE MAY NOT BE:

26 (1) TRANSFERRED OR ASSIGNED TO ANOTHER PERSON; OR

27 (2) PLEDGED AS COLLATERAL.

28 (B) (1) A LICENSEE MAY NOT SELL OR OTHERWISE TRANSFER MORE THAN
29 5% OF THE LEGAL OR BENEFICIAL INTERESTS OF THE PERSON UNLESS:

30 (I) THE PERSON NOTIFIES THE COMMISSION OF THE PROPOSED
31 SALE OR TRANSFER; AND

32 (II) THE COMMISSION DETERMINES THAT THE PROPOSED BUYER
33 OR TRANSFEREE MEETS THE REQUIREMENTS OF THIS SUBTITLE.

34 (2) UNLESS THE COMMISSION NEEDS A LONGER TIME TO DETERMINE
35 WHETHER THE PROPOSED BUYER OR TRANSFEREE MEETS THE REQUIREMENTS OF
36 THIS SUBTITLE, IF THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION ARE

1 NOT SATISFIED, A LICENSE ISSUED UNDER THIS SUBTITLE IS AUTOMATICALLY
2 REVOKED 90 DAYS AFTER THE SALE OR TRANSFER.

3 9-1A-20.

4 (A) THE DEPARTMENT OF STATE POLICE SHALL:

5 (1) CONDUCT A BACKGROUND INVESTIGATION OF EACH APPLICANT IN
6 A TIMELY MANNER; AND

7 (2) COOPERATE WITH THE COMMISSION IN OBTAINING AND PROVIDING
8 THE NECESSARY BACKGROUND INVESTIGATION INFORMATION.

9 (B) (1) AN APPLICANT SHALL PROVIDE THE DEPARTMENT OF STATE POLICE
10 WITH ALL INFORMATION THE DEPARTMENT REQUIRES IN ORDER TO CONDUCT A
11 BACKGROUND INVESTIGATION.

12 (2) FAILURE TO PROVIDE TIMELY OR ACCURATE INFORMATION IS
13 GROUNDS FOR THE COMMISSION TO DENY AN APPLICATION.

14 (C) (1) THE DEPARTMENT OF STATE POLICE SHALL APPLY TO THE CENTRAL
15 REPOSITORY FOR A STATE AND A NATIONAL CRIMINAL HISTORY RECORDS CHECK
16 FOR EACH APPLICANT.

17 (2) AS PART OF THE APPLICATION FOR A CRIMINAL HISTORY RECORDS
18 CHECK, THE DEPARTMENT OF STATE POLICE SHALL SUBMIT TO THE CENTRAL
19 REPOSITORY:

20 (I) TWO COMPLETE SETS OF THE APPLICANT'S LEGIBLE
21 FINGERPRINTS TAKEN ON FORMS APPROVED BY THE DIRECTOR OF THE CENTRAL
22 REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION;

23 (II) THE FEE AUTHORIZED UNDER § 10-221(B)(7) OF THE CRIMINAL
24 PROCEDURE ARTICLE FOR ACCESS TO MARYLAND CRIMINAL HISTORY RECORDS; AND

25 (III) THE MANDATORY PROCESSING FEE REQUIRED BY THE
26 FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY
27 RECORDS CHECK.

28 (3) IN ACCORDANCE WITH §§ 10-201 THROUGH 10-234 OF THE CRIMINAL
29 PROCEDURE ARTICLE, THE CENTRAL REPOSITORY SHALL FORWARD TO THE
30 APPLICANT AND THE DEPARTMENT OF STATE POLICE A PRINTED STATEMENT OF
31 THE APPLICANT'S CRIMINAL HISTORY RECORD INFORMATION.

32 (4) THE SUBJECT OF A CRIMINAL HISTORY RECORDS CHECK UNDER
33 THIS SECTION MAY CONTEST THE CONTENTS OF THE PRINTED STATEMENT ISSUED
34 BY THE CENTRAL REPOSITORY AS PROVIDED IN § 10-223 OF THE CRIMINAL
35 PROCEDURE ARTICLE.

1 (D) AFTER COMPLETION OF THE BACKGROUND INVESTIGATION OF AN
2 APPLICANT, THE DEPARTMENT OF STATE POLICE SHALL PROMPTLY FORWARD THE
3 RESULTS OF THE INVESTIGATION TO THE COMMISSION.

4 9-1A-21.

5 (A) EACH VIDEO LOTTERY TERMINAL DEVICE, THE ASSOCIATED EQUIPMENT,
6 AND THE CENTRAL COMPUTER SHALL BE:

7 (1) OWNED OR LEASED BY THE COMMISSION; AND

8 (2) UNDER THE CONTROL OF THE COMMISSION.

9 (B) (1) SUBJECT TO THE COMMISSION'S ABILITY TO CANCEL OR ALTER THE
10 CONTRACT IN THE EVENT ONE OR MORE ELIGIBLE APPLICANTS FOR A VIDEO
11 LOTTERY FACILITY FAILS TO OBTAIN A LICENSE, THE COMMISSION SHALL
12 CONTRACT WITH ONE OR MORE LICENSED MANUFACTURERS FOR THE LEASE OR
13 PURCHASE OF THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND
14 CENTRAL COMPUTER AUTHORIZED UNDER THIS SUBTITLE.

15 (2) (I) PROVIDED THE VIDEO LOTTERY TERMINALS MEET
16 COMMISSION SPECIFICATIONS, A VIDEO LOTTERY OPERATION LICENSEE MAY
17 SELECT FROM A MANUFACTURER LICENSED UNDER THIS SUBTITLE THE TYPES OF
18 VIDEO LOTTERY TERMINALS THAT THE LICENSEE DESIRES TO INSTALL ON THE
19 FACILITY.

20 (II) UNLESS THE REQUEST OF THE VIDEO LOTTERY OPERATION
21 LICENSEE IS UNREASONABLE, THE COMMISSION SHALL PURCHASE OR LEASE THE
22 VIDEO LOTTERY TERMINALS SELECTED BY THE LICENSEE.

23 9-1A-22.

24 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
25 COMMISSION MAY AUTHORIZE 3,500 VIDEO LOTTERY TERMINALS FOR OPERATION
26 UNDER A VIDEO LOTTERY OPERATION LICENSE.

27 (B) IF A VIDEO LOTTERY OPERATION LICENSE IS AUTHORIZED AT A HORSE
28 RACECOURSE IN ALLEGANY COUNTY, THE COMMISSION MAY NOT AUTHORIZE MORE
29 THAN 1,000 VIDEO LOTTERY TERMINALS FOR OPERATION UNDER A VIDEO LOTTERY
30 OPERATION LICENSE ISSUED FOR A LOCATION AT A HORSE RACECOURSE IN
31 ALLEGANY COUNTY.

32 9-1A-23.

33 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS
34 SUBSECTION, A VIDEO LOTTERY TERMINAL SHALL HAVE AN AVERAGE ANNUAL
35 PAYOUT PERCENTAGE OF 87%.

1 (2) THE COMMISSION MAY BY REGULATION ESTABLISH AN AVERAGE
2 ANNUAL PAYOUT PERCENTAGE OF MORE THAN 87% BUT NOT MORE THAN 95% FOR
3 VIDEO LOTTERY TERMINALS.

4 (3) THE COMMISSION MAY APPROVE AN AVERAGE ANNUAL PAYOUT
5 PERCENTAGE OF MORE THAN 95% FOR THE VIDEO LOTTERY TERMINALS AT A VIDEO
6 LOTTERY FACILITY.

7 (B) A VIDEO LOTTERY FACILITY MAY OPERATE DAILY FROM 8 A.M. TO 2 A.M.

8 (C) A VIDEO LOTTERY OPERATOR LICENSEE SHALL BE RESPONSIBLE FOR ALL
9 MARKETING, ADVERTISING, AND PROMOTION FOR ITS VIDEO LOTTERY OPERATION.

10 9-1A-24.

11 (A) THE COMMISSION SHALL ENSURE THAT A VIDEO LOTTERY OPERATION
12 LICENSEE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION AS A CONDITION
13 OF HOLDING THE VIDEO LOTTERY OPERATION LICENSE.

14 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, A
15 VIDEO LOTTERY OPERATION LICENSEE MAY NOT PROVIDE FOOD OR BEVERAGES,
16 INCLUDING ALCOHOLIC BEVERAGES, TO INDIVIDUALS AT NO COST.

17 (2) ANY FOOD OR BEVERAGES, INCLUDING ALCOHOLIC BEVERAGES,
18 OFFERED BY A VIDEO LOTTERY OPERATION LICENSEE FOR SALE TO INDIVIDUALS
19 MAY BE OFFERED ONLY AT PRICES THAT ARE DETERMINED BY THE COMMISSION TO
20 BE COMMENSURATE WITH THE PRICE OF SIMILAR TYPES OF FOOD AND BEVERAGES
21 AT RESTAURANTS IN THE COUNTY WHERE THE VIDEO LOTTERY FACILITY IS
22 LOCATED.

23 (3) A VIDEO LOTTERY OPERATION LICENSEE MAY PROVIDE FOOD AT NO
24 COST TO INDIVIDUALS TO THE SAME EXTENT ALLOWED UNDER ARTICLE 2B, § 12-106
25 OF THE CODE FOR A PERSON ENGAGED IN THE SALE OR BARTER OF SPIRITUOUS,
26 MALT, OR INTOXICATING LIQUORS AND LICENSED UNDER THE LAWS OF MARYLAND.

27 (C) A VIDEO LOTTERY OPERATION LICENSEE SHALL ENSURE THAT
28 INTOXICATED INDIVIDUALS AND INDIVIDUALS UNDER THE AGE OF 21 YEARS ARE
29 NOT PERMITTED TO PLAY VIDEO LOTTERY TERMINALS AND ARE NOT PERMITTED IN
30 AREAS OF THE VIDEO LOTTERY FACILITY LOCATION WHERE VIDEO LOTTERY
31 TERMINALS ARE LOCATED.

32 (D) (1) BY REGULATION, THE COMMISSION SHALL PROVIDE FOR THE
33 ESTABLISHMENT OF A LIST OF INDIVIDUALS WHO ARE TO BE MANDATORILY
34 EXCLUDED OR EJECTED BY A VIDEO LOTTERY OPERATION LICENSEE FROM ANY
35 VIDEO LOTTERY OPERATION LICENSED UNDER THIS SUBTITLE.

36 (2) THE REGULATIONS UNDER THIS SUBSECTION SHALL DEFINE THE
37 STANDARDS FOR EXCLUSION OR EJECTION AND SHALL INCLUDE STANDARDS
38 RELATING TO INDIVIDUALS:

1 (I) WHO ARE CAREER OFFENDERS AS DEFINED BY REGULATIONS
2 ADOPTED BY THE COMMISSION;

3 (II) WHO HAVE BEEN CONVICTED OF A CRIMINAL OFFENSE UNDER
4 THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN THE UNITED
5 STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE OR A
6 GAMBLING OFFENSE; OR

7 (III) WHOSE PRESENCE IN THE ESTABLISHMENT OF A LICENSEE
8 WOULD BE ADVERSE TO THE INTEREST OF THE STATE, THE LICENSEE, OR THE
9 PERSON.

10 (3) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
11 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
12 EXCLUDE OR EJECT FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL PLACED
13 BY THE COMMISSION ON THE LIST OF INDIVIDUALS TO BE EXCLUDED OR EJECTED.

14 (4) AN ORDER UNDER THIS SUBSECTION SHALL BE SUBJECT TO
15 JUDICIAL REVIEW.

16 (5) RACE, COLOR, CREED, NATIONAL ORIGIN OR ANCESTRY, OR GENDER
17 MAY NOT BE A REASON FOR PLACING THE NAME OF AN INDIVIDUAL ON THE LIST OF
18 INDIVIDUALS TO BE EXCLUDED OR EJECTED.

19 (E) (1) BY REGULATION, THE COMMISSION SHALL ADOPT MEASURES THAT
20 ARE INTENDED TO REDUCE OR MITIGATE THE EFFECTS OF PROBLEM GAMING.

21 (2) (I) THE REGULATIONS SHALL INCLUDE ESTABLISHMENT OF A
22 VOLUNTARY EXCLUSION LIST OF INDIVIDUALS WITH GAMING PROBLEMS WHO HAVE
23 REQUESTED TO BE EXCLUDED FROM ANY VIDEO LOTTERY OPERATION LICENSED
24 UNDER THIS SUBTITLE.

25 (II) THE REGULATIONS UNDER THIS PARAGRAPH SHALL PROVIDE A
26 SIMPLE MECHANISM FOR AN INDIVIDUAL WHO IS SOBER AND INFORMED TO
27 REQUEST PLACEMENT ON THE VOLUNTARY EXCLUSION LIST FOR A SPECIFIED
28 PERIOD OF TIME.

29 (III) A VIDEO LOTTERY OPERATION LICENSEE MAY NOT PERMIT AN
30 INDIVIDUAL ON THE VOLUNTARY EXCLUSION LIST TO ENTER INTO THE VIDEO
31 LOTTERY FACILITY OR TO PLAY A VIDEO LOTTERY TERMINAL.

32 (IV) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
33 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
34 EXCLUDE FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL ON THE
35 VOLUNTARY EXCLUSION LIST.

36 (3) IN ORDER TO PROTECT THE PUBLIC INTEREST, THE REGULATIONS
37 SHALL INCLUDE PROVISIONS THAT:

1 (I) LIMIT THE NUMBER AND LOCATION OF AND MAXIMUM
2 WITHDRAWAL AMOUNTS FROM AUTOMATED TELLER MACHINES;

3 (II) REQUIRE PAYOUTS ABOVE AN AMOUNT ADOPTED BY THE
4 COMMISSION TO BE MADE BY CHECK;

5 (III) REQUIRE CONSPICUOUS DISCLOSURES RELATED TO THE ODDS
6 AND PAYOUT OF VIDEO LOTTERY TERMINALS;

7 (IV) LIMIT THE DOLLAR AMOUNT THAT VIDEO LOTTERY TERMINALS
8 WILL ACCEPT;

9 (V) PROHIBIT THE USE OF SPECIFIED NEGOTIABLE INSTRUMENTS
10 AT VIDEO LOTTERY FACILITIES AND THE USE OF CREDIT CARDS, DEBIT CARDS, AND
11 SIMILAR DEVICES IN VIDEO LOTTERY TERMINALS;

12 (VI) PROVIDE CONSUMERS WITH A RECORD OF VIDEO LOTTERY
13 TERMINAL SPENDING LEVELS IF MARKETING MEASURES ARE UTILIZED THAT TRACK
14 CONSUMER SPENDING AT VIDEO LOTTERY FACILITIES; AND

15 (VII) PROHIBIT VIDEO LOTTERY OPERATION LICENSEES FROM
16 ENGAGING IN OR CONTRACTING WITH ANOTHER TO ENGAGE IN PREDATORY
17 MARKETING PRACTICES.

18 9-1A-25.

19 (A) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT, REPRIMAND
20 OR FINE A LICENSEE, OR SUSPEND OR REVOKE A LICENSE FOR A VIOLATION OF:

21 (1) THIS SUBTITLE;

22 (2) A REGULATION ADOPTED UNDER THIS SUBTITLE; OR

23 (3) A CONDITION THAT THE COMMISSION SETS.

24 (B) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS
25 SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000.

26 (2) EACH DAY THAT A PERSON IS IN VIOLATION UNDER THIS SECTION
27 SHALL BE CONSIDERED A SEPARATE VIOLATION.

28 (3) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER
29 PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER:

30 (I) THE SERIOUSNESS OF THE VIOLATION;

31 (II) THE HARM CAUSED BY THE VIOLATION; AND

32 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON
33 WHO COMMITTED THE VIOLATION.

1 (C) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SUBTITLE,
2 NOTHING CONTAINED IN THIS SUBTITLE ABROGATES OR LIMITS THE CRIMINAL
3 LAWS OF THE STATE OR LIMITS THE AUTHORITY OF THE GENERAL ASSEMBLY TO
4 ENACT STATUTES ESTABLISHING CRIMINAL OFFENSES AND PENALTIES RELATING
5 TO VIDEO LOTTERY OPERATIONS.

6 9-1A-26.

7 (A) ALL PROCEEDS FROM THE OPERATION OF VIDEO LOTTERY TERMINALS
8 SHALL BE ELECTRONICALLY TRANSFERRED DAILY INTO THE STATE LOTTERY FUND
9 ESTABLISHED UNDER SUBTITLE 3 OF THIS TITLE AND DISTRIBUTED AS PROVIDED IN
10 THIS SECTION.

11 (B) (1) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL
12 OF THE REVENUE UNDER THIS SUBTITLE.

13 (2) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER
14 THE CONTROL OF THE COMPTROLLER AND SHALL BE DISTRIBUTED AS PROVIDED IN
15 THIS SECTION.

16 (C) THE COMPTROLLER SHALL PAY FROM THE PROCEEDS OF VIDEO LOTTERY
17 TERMINALS:

18 (1) (I) IN THE FIRST YEAR OF VIDEO LOTTERY TERMINAL OPERATION,
19 5% TO THE STATE LOTTERY AGENCY FOR COSTS AS DEFINED IN § 9-1A-01 OF THIS
20 SUBTITLE;

21 (II) IN THE SECOND YEAR OF VIDEO LOTTERY TERMINAL
22 OPERATION AND EACH YEAR THEREAFTER, 4.3% TO THE STATE LOTTERY AGENCY
23 FOR COSTS AS DEFINED IN § 9-1A-01 OF THIS SUBTITLE;

24 (2) 46% TO THE EDUCATION TRUST FUND ESTABLISHED UNDER §
25 9-1A-28 OF THIS SUBTITLE;

26 (3) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
27 COMMISSION, 39% TO VIDEO LOTTERY OPERATION LICENSEES TO BE DISTRIBUTED
28 IN THE FOLLOWING MANNER:

29 (I) FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE
30 PIMLICO RACE COURSE, 39% TO THE HOLDER OF THE VIDEO LOTTERY OPERATION
31 LICENSE AT THE PIMLICO RACE COURSE;

32 (II) FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT
33 LAUREL PARK, 39% TO THE HOLDER OF THE VIDEO LOTTERY OPERATION LICENSE AT
34 LAUREL PARK;

35 (III) FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE
36 ROSECROFT RACEWAY, 39% TO THE HOLDER OF THE VIDEO LOTTERY OPERATION
37 LICENSE AT THE ROSECROFT RACEWAY; AND

1 (IV) FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE
2 RACECOURSE IN ALLEGANY COUNTY, 39% TO THE HOLDER OF THE VIDEO LOTTERY
3 OPERATION LICENSE AT THE RACECOURSE IN ALLEGANY COUNTY;

4 (4) (I) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
5 COMMISSION, FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE
6 PIMLICO RACE COURSE, LAUREL PARK, AND ROSECROFT RACEWAY, 4.75% IN LOCAL
7 DEVELOPMENT GRANTS TO BE DISTRIBUTED IN THE FOLLOWING MANNER:

- 8 1. 1.78% TO BALTIMORE CITY;
- 9 2. 1.78% TO PRINCE GEORGE'S COUNTY;
- 10 3. 0.7% TO ANNE ARUNDEL COUNTY;
- 11 4. 0.33% TO HOWARD COUNTY; AND
- 12 5. 0.16% TO THE CITY OF LAUREL; AND

13 (II) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
14 COMMISSION, FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE
15 RACECOURSE IN ALLEGANY COUNTY, 4.75% TO ALLEGANY COUNTY;

16 (5) (I) IN THE FIRST YEAR OF VIDEO LOTTERY TERMINAL OPERATION,
17 ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, FROM
18 THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE PIMLICO RACE COURSE AND
19 LAUREL PARK, 5.25% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER §
20 9-1A-27 OF THIS SUBTITLE FOR MILE THOROUGHBRED PURSES AND THE
21 MARYLAND-BRED RACE FUND; AND

22 (II) IN THE SECOND YEAR OF VIDEO LOTTERY TERMINAL
23 OPERATION AND EACH YEAR THEREAFTER, ON A PROPERLY APPROVED
24 TRANSMITTAL PREPARED BY THE COMMISSION, FROM THE PROCEEDS OF VIDEO
25 LOTTERY TERMINALS AT THE PIMLICO RACE COURSE AND LAUREL PARK, 5.95% TO
26 THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-27 OF THIS
27 SUBTITLE FOR MILE THOROUGHBRED PURSES AND THE MARYLAND-BRED RACE
28 FUND;

29 (6) (I) IN THE FIRST YEAR OF VIDEO LOTTERY TERMINAL OPERATION,
30 ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, FROM
31 THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE ROSECROFT RACEWAY, 5.25%
32 TO THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-27 OF THIS
33 SUBTITLE FOR STANDARD BRED PURSES AND THE STANDARD BRED RACE FUND; AND

34 (II) IN THE SECOND YEAR OF VIDEO LOTTERY TERMINAL
35 OPERATION AND EACH YEAR THEREAFTER, ON A PROPERLY APPROVED
36 TRANSMITTAL PREPARED BY THE COMMISSION, FROM THE PROCEEDS OF VIDEO
37 LOTTERY TERMINALS AT THE ROSECROFT RACEWAY, 5.95% TO THE PURSE
38 DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-27 OF THIS SUBTITLE FOR
39 STANDARD BRED PURSES AND THE STANDARD BRED RACE FUND; AND

1 (7) (I) IN THE FIRST YEAR OF VIDEO LOTTERY TERMINAL OPERATION,
2 ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, FROM
3 THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT THE RACECOURSE IN ALLEGANY
4 COUNTY, 5.25% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER §
5 9-1A-27 OF THIS SUBTITLE TO BE DIVIDED BETWEEN STANDARDBRED AND
6 THOROUGHBRED PURSES AND THE MARYLAND-BRED RACE FUND AND THE
7 STANDARDBRED RACE FUND IN PROPORTION TO THE NUMBER OF THOROUGHBRED
8 RACING DAYS AND STANDARDBRED RACING DAYS CONDUCTED; AND

9 (II) IN THE SECOND YEAR OF VIDEO LOTTERY TERMINAL
10 OPERATION AND EACH YEAR THEREAFTER, ON A PROPERLY APPROVED
11 TRANSMITTAL PREPARED BY THE COMMISSION, FROM THE PROCEEDS OF VIDEO
12 LOTTERY TERMINALS AT THE RACECOURSE IN ALLEGANY COUNTY, 5.95% TO THE
13 PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-27 OF THIS SUBTITLE TO
14 BE DIVIDED BETWEEN STANDARDBRED AND THOROUGHBRED PURSES AND THE
15 MARYLAND-BRED RACE FUND AND THE STANDARDBRED RACE FUND IN
16 PROPORTION TO THE NUMBER OF THOROUGHBRED RACING DAYS AND
17 STANDARDBRED RACING DAYS CONDUCTED.

18 (D) IF THE COSTS OF THE STATE LOTTERY AGENCY ARE LESS THAN 5% IN THE
19 FIRST YEAR OF VIDEO LOTTERY TERMINAL OPERATION OR LESS THAN 4.3% IN THE
20 SECOND YEAR OF VIDEO LOTTERY TERMINAL OPERATION AND EACH YEAR
21 THEREAFTER, ANY AMOUNT NOT DISTRIBUTED TO THE STATE LOTTERY AGENCY
22 SHALL BE DIVIDED EQUALLY AND PAID TO:

23 (1) THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-28 OF
24 THIS SUBTITLE; AND

25 (2) THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-27
26 OF THIS SUBTITLE.

27 9-1A-27.

28 (A) THERE IS A PURSE DEDICATION ACCOUNT UNDER THE AUTHORITY OF
29 THE STATE RACING COMMISSION.

30 (B) (1) THE ACCOUNT SHALL RECEIVE MONEY AS REQUIRED UNDER §
31 9-1A-26 OF THIS SUBTITLE.

32 (2) MONEY IN THE ACCOUNT SHALL BE INVESTED AND REINVESTED BY
33 THE TREASURER AND INTEREST AND EARNINGS SHALL ACCRUE TO THE ACCOUNT.

34 (3) THE COMPTROLLER SHALL:

35 (I) ACCOUNT FOR THE FUND; AND

36 (II) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
37 STATE RACING COMMISSION, ISSUE A WARRANT TO PAY OUT MONEY FROM THE
38 FUND IN THE MANNER PROVIDED UNDER THIS SECTION.

1 (4) THE ACCOUNT IS A SPECIAL CONTINUING, NONLAPSING FUND THAT
2 IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

3 (5) EXPENDITURES FROM THE ACCOUNT SHALL ONLY BE MADE ON A
4 PROPERLY APPROVED TRANSMITTAL PREPARED BY THE STATE RACING COMMISSION
5 AS PROVIDED UNDER SUBSECTION (C) OF THIS SECTION.

6 (C) SUBJECT TO THE PROVISIONS OF SUBSECTION (E) OF THIS SECTION, THE
7 STATE RACING COMMISSION SHALL ALLOCATE THE FUNDS FROM THE PIMLICO RACE
8 COURSE, LAUREL PARK, AND THE RACECOURSE IN ALLEGANY COUNTY THAT ARE
9 ATTRIBUTABLE TO THE MILE THOROUGHBRED INDUSTRY UNDER § 9-1A-26 OF THIS
10 SUBTITLE TO:

11 (1) MILE THOROUGHBRED PURSES AT THE PIMLICO RACE COURSE,
12 LAUREL PARK, THE RACECOURSE IN ALLEGANY COUNTY, AND THE RACECOURSE IN
13 TIMONIUM; AND

14 (2) THE MARYLAND-BRED RACE FUND.

15 (D) SUBJECT TO THE PROVISIONS OF SUBSECTION (F) OF THIS SECTION, THE
16 STATE RACING COMMISSION SHALL ALLOCATE THE FUNDS FROM THE ROSECROFT
17 RACEWAY AND THE RACECOURSE IN ALLEGANY COUNTY THAT ARE ATTRIBUTABLE
18 TO THE STANDARDDBRED INDUSTRY UNDER § 9-1A-26 OF THIS SUBTITLE TO:

19 (1) STANDARDDBRED PURSES AT THE ROSECROFT RACEWAY, THE
20 RACECOURSE IN ALLEGANY COUNTY, AND THE OCEAN DOWNS RACE COURSE; AND

21 (2) THE STANDARDDBRED RACE FUND.

22 (E) THE AMOUNT OF FUNDS ALLOCATED TO MILE THOROUGHBRED PURSES
23 AND THE MARYLAND-BRED RACE FUND SHALL BE ALLOCATED AS FOLLOWS:

24 (1) 89% TO MILE THOROUGHBRED PURSES; AND

25 (2) 11% TO THE MARYLAND-BRED RACE FUND.

26 (F) THE AMOUNT OF FUNDS ALLOCATED TO STANDARDDBRED PURSES AND
27 THE STANDARDDBRED RACE FUND SHALL BE ALLOCATED AS FOLLOWS:

28 (1) 89% TO STANDARDDBRED PURSES; AND

29 (2) 11% TO THE STANDARDDBRED RACE FUND.

30 (G) THE PROVISIONS OF THIS SECTION MAY NOT BE CONSTRUED TO APPLY TO
31 THE RACECOURSE IN ALLEGANY COUNTY UNTIL HORSE RACING BEGINS AT THAT
32 RACECOURSE.

1 9-1A-28.

2 (A) THERE IS AN EDUCATION TRUST FUND WHICH IS A SPECIAL CONTINUING,
3 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND
4 PROCUREMENT ARTICLE.

5 (B) (1) THERE SHALL BE CREDITED TO THE EDUCATION TRUST FUND ALL
6 PROCEEDS ALLOCATED TO THE FUND UNDER § 9-1A-26 OF THIS SUBTITLE.

7 (2) MONEY IN THE EDUCATION TRUST FUND SHALL BE INVESTED AND
8 REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL ACCRUE TO
9 THE FUND.

10 (C) MONEY IN THE EDUCATION TRUST FUND SHALL BE USED TO:

11 (1) OFFSET THE TOTAL FUNDING REQUIRED TO PROVIDE AN ADEQUATE
12 EDUCATION FOR CHILDREN ATTENDING PUBLIC SCHOOLS IN THE STATE IN
13 PREKINDERGARTEN THROUGH GRADE 12, THROUGH IMPLEMENTATION OF THE
14 PROGRAMS COMMONLY KNOWN AS THE BRIDGE TO EXCELLENCE IN PUBLIC
15 SCHOOLS, FIRST ENACTED BY CHAPTER 288 OF THE ACTS OF THE GENERAL
16 ASSEMBLY OF 2002;

17 (2) ENHANCE COLLEGE READINESS, TEACHER PREPARATION, AND
18 FINANCIAL AID FOR DISADVANTAGED AND CAPABLE STUDENTS, THROUGH
19 IMPLEMENTATION OF THE PROGRAMS COMMONLY KNOWN AS COLLEGE READINESS
20 FOR DISADVANTAGED AND CAPABLE STUDENTS, FIRST ENACTED BY CHAPTERS 315
21 AND 429 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2002; AND

22 (3) SUPPORT PUBLIC LIBRARIES.

23 (D) EXPENDITURES FROM THE EDUCATION TRUST FUND SHALL BE MADE
24 EACH FISCAL YEAR IN ACCORDANCE WITH THE STATE BUDGET.

25 9-1A-29.

26 (A) LOCAL DEVELOPMENT GRANTS PROVIDED UNDER § 9-1A-26 OF THIS
27 SUBTITLE SHOULD BE USED FOR IMPROVEMENTS IN THE COMMUNITIES IN
28 IMMEDIATE PROXIMITY TO THE VIDEO LOTTERY OPERATION FACILITIES AND MAY
29 BE USED FOR THE FOLLOWING PURPOSES:

30 (1) INFRASTRUCTURE IMPROVEMENTS;

31 (2) FACILITIES;

32 (3) PUBLIC SAFETY;

33 (4) SANITATION;

34 (5) ECONOMIC AND COMMUNITY DEVELOPMENT, INCLUDING HOUSING;

35 AND

1 (6) OTHER PUBLIC SERVICES AND IMPROVEMENTS TO BENEFIT THE
2 COMMUNITIES IN IMMEDIATE PROXIMITY TO THE VIDEO LOTTERY FACILITIES.

3 (B) (1) A LOCAL DEVELOPMENT COUNCIL SHALL BE ESTABLISHED IN EACH
4 GEOGRAPHIC AREA WHERE A VIDEO LOTTERY FACILITY IS LOCATED.

5 (2) A LOCAL DEVELOPMENT COUNCIL SHALL CONSIST OF THE
6 FOLLOWING 15 MEMBERS APPOINTED BY THE CHIEF EXECUTIVE OF THE COUNTY
7 WHERE THE LOCAL DEVELOPMENT COUNCIL IS LOCATED, IN CONSULTATION WITH
8 THE SENATORS AND DELEGATES WHO REPRESENT THE COMMUNITIES
9 SURROUNDING THE FACILITY AND THE RESPECTIVE COUNTY COUNCILS, CITY
10 COUNCILS, OR COUNTY COMMISSIONERS:

11 (I) ONE SENATOR WHO REPRESENTS THE DISTRICT WHERE THE
12 FACILITY IS LOCATED;

13 (II) TWO DELEGATES WHO REPRESENT THE DISTRICTS WHERE THE
14 COMMUNITIES SURROUNDING THE FACILITY ARE LOCATED;

15 (III) ONE REPRESENTATIVE OF THE VIDEO LOTTERY OPERATION
16 LICENSEE;

17 (IV) SEVEN RESIDENTS OF THE COMMUNITIES IN IMMEDIATE
18 PROXIMITY TO THE FACILITY; AND

19 (V) FOUR REPRESENTATIVES OF BUSINESSES OR INSTITUTIONS
20 LOCATED IN IMMEDIATE PROXIMITY TO THE FACILITY.

21 (C) (1) PRIOR TO ANY EXPENDITURE OF LOCAL DEVELOPMENT GRANT
22 FUNDS PROVIDED UNDER § 9-1A-26 OF THIS SUBTITLE, A COUNTY SHALL DEVELOP A
23 MULTIYEAR PLAN FOR THE EXPENDITURE OF THE LOCAL DEVELOPMENT GRANT
24 FUNDS FOR SERVICES AND IMPROVEMENTS CONSISTENT WITH SUBSECTION (A) OF
25 THIS SECTION.

26 (2) A COUNTY SHALL CONSULT WITH THE LOCAL DEVELOPMENT
27 COUNCIL ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION IN DEVELOPING
28 THE PLAN REQUIRED UNDER THIS SUBSECTION.

29 (3) A COUNTY SHALL SUBMIT THE PLAN TO THE LOCAL DEVELOPMENT
30 COUNCIL FOR REVIEW AND COMMENT BEFORE ADOPTING THE PLAN OR EXPENDING
31 ANY GRANT FUNDS.

32 (4) THE LOCAL DEVELOPMENT COUNCIL SHALL ADVISE THE COUNTY
33 ON THE IMPACT OF THE FACILITY ON THE COMMUNITIES AND THE NEEDS AND
34 PRIORITIES OF THE COMMUNITIES IN IMMEDIATE PROXIMITY TO THE FACILITY.

35 (5) (I) A LOCAL DEVELOPMENT COUNCIL SHALL HAVE 45 DAYS TO
36 REVIEW, COMMENT, AND MAKE RECOMMENDATIONS ON THE PLAN REQUIRED
37 UNDER THIS SUBSECTION.

1 (II) UPON THE REQUEST OF A LOCAL DEVELOPMENT COUNCIL, THE
2 COUNTY SHALL HOLD A PUBLIC HEARING ON THE PLAN.

3 (6) A COUNTY SHALL MAKE BEST EFFORTS TO ACCOMMODATE THE
4 RECOMMENDATIONS OF THE LOCAL DEVELOPMENT COUNCIL AND ANY TESTIMONY
5 PRESENTED AT THE HEARING BEFORE ADOPTING THE PLAN REQUIRED UNDER THIS
6 SUBSECTION.

7 (D) A VIDEO LOTTERY OPERATION LICENSEE SHALL PROVIDE TO THE LOCAL
8 DEVELOPMENT COUNCIL A MASTER PLAN FOR THE DEVELOPMENT OF THE SITE ON
9 WHICH THE VIDEO LOTTERY FACILITY WILL BE LOCATED.

10 9-1A-30.

11 (A) THE STATE MAY PAY FOR THE REASONABLE TRANSPORTATION COSTS TO:

12 (1) MITIGATE THE IMPACT ON THE COMMUNITIES IN THE IMMEDIATE
13 PROXIMITY TO THE FACILITY; AND

14 (2) MAKE EACH VIDEO LOTTERY FACILITY ACCESSIBLE TO THE PUBLIC.

15 (B) (1) A COMPREHENSIVE TRANSPORTATION PLAN SHALL BE:

16 (I) DEVELOPED BY EACH COUNTY WHERE A FACILITY IS LOCATED,
17 IN CONSULTATION WITH THE LOCAL DEVELOPMENT COUNCIL CREATED UNDER §
18 9-1A-29 OF THIS SUBTITLE; AND

19 (II) APPROVED BY THE MARYLAND DEPARTMENT OF
20 TRANSPORTATION.

21 (2) THE COMPREHENSIVE TRANSPORTATION PLAN SHALL INCLUDE
22 PROVISIONS ON ROADS AND MASS TRANSIT.

23 (C) THE MARYLAND DEPARTMENT OF TRANSPORTATION SHALL FACILITATE
24 NEGOTIATIONS WITH AFFECTED COMMUNITIES TO ENSURE THE MOST PRACTICAL
25 INGRESS TO AND EGRESS FROM THE VIDEO LOTTERY FACILITY.

26 9-1A-31.

27 (A) THE COMMISSION SHALL:

28 (1) ESTABLISH AN ANNUAL FEE OF \$390, TO BE PAID BY EACH VIDEO
29 LOTTERY OPERATION LICENSEE, FOR EACH VIDEO LOTTERY TERMINAL OPERATED
30 BY THE LICENSEE DURING THE YEAR; AND

31 (2) DISTRIBUTE THE FEES COLLECTED UNDER PARAGRAPH (1) OF THIS
32 SUBSECTION TO THE COMPULSIVE GAMBLING FUND ESTABLISHED IN SUBSECTION
33 (B) OF THIS SECTION.

34 (B) (1) THERE IS A COMPULSIVE GAMBLING FUND IN THE DEPARTMENT OF
35 HEALTH AND MENTAL HYGIENE.

1 (2) THE COMPULSIVE GAMBLING FUND IS A SPECIAL CONTINUING,
2 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND
3 PROCUREMENT ARTICLE.

4 (3) MONEY IN THE COMPULSIVE GAMBLING FUND SHALL BE INVESTED
5 AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL
6 ACCRUE TO THE FUND.

7 (4) EXPENDITURES FROM THE COMPULSIVE GAMBLING FUND SHALL BE
8 MADE ONLY:

9 (I) BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO:

10 1. ESTABLISH A 24-HOUR HOTLINE FOR COMPULSIVE AND
11 PROBLEM GAMBLERS AND TO PROVIDE COUNSELING AND OTHER SUPPORT
12 SERVICES FOR COMPULSIVE AND PROBLEM GAMBLERS; AND

13 2. DEVELOP AND IMPLEMENT A PROBLEM GAMBLING
14 PREVENTION PROGRAM; AND

15 (II) IN ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE
16 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY THE BUDGET
17 AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE AND
18 PROCUREMENT ARTICLE.

19 9-1A-32.

20 THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND,
21 SUBJECT TO § 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY:

22 (1) ON THE OPERATION AND FINANCES OF THE VIDEO LOTTERY; AND

23 (2) WITH THE ASSISTANCE OF LOCAL POLICE DEPARTMENTS AND THE
24 DEPARTMENT OF STATE POLICE, DETAILING THE CRIMES THAT OCCUR WITHIN THE
25 COMMUNITIES SURROUNDING A VIDEO LOTTERY FACILITY.

26 9-1A-33.

27 (A) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SUBTITLE, THE
28 COMMISSION MAY CONSIDER AN APPLICATION FOR A VIDEO LOTTERY FACILITY
29 LICENSE ONLY IF, BEFORE THE ISSUANCE OF A LICENSE:

30 (1) THE APPLICANT FOR THE VIDEO LOTTERY FACILITY LICENSE GIVES
31 WRITTEN NOTICE TO THE GOVERNING BODY OF THE COUNTY IN WHICH THE
32 APPLICANT INTENDS TO LOCATE THE VIDEO LOTTERY FACILITY WHEN THE
33 APPLICANT SUBMITS THE APPLICATION;

34 (2) THE GOVERNING BODY OF A COUNTY IN WHICH AN APPLICATION
35 FOR A VIDEO LOTTERY FACILITY IN THAT COUNTY HAS BEEN MADE ADOPTS A
36 RESOLUTION IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION IN SUPPORT

1 OF THE ESTABLISHMENT AND LOCATION OF A VIDEO LOTTERY FACILITY IN THE
2 COUNTY WITHIN 60 DAYS AFTER SUBMISSION OF THE APPLICATION FOR THE VIDEO
3 LOTTERY FACILITY LICENSE; AND

4 (3) (I) THE LEGALLY QUALIFIED VOTERS OF THE COUNTY HAVE NOT
5 SUBMITTED A PETITION TO PLACE THE LOCAL RESOLUTION ON THE BALLOT AT A
6 SPECIAL ELECTION IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION
7 WITHIN 30 DAYS AFTER PASSAGE OF THE LOCAL RESOLUTION; OR

8 (II) THE OUTCOME OF THE SPECIAL ELECTION DESCRIBED IN
9 SUBSECTION (C) OF THIS SECTION IS IN SUPPORT OF THE LOCAL RESOLUTION.

10 (B) (1) PRIOR TO THE ADOPTION OF A RESOLUTION DESCRIBED IN
11 SUBSECTION (A)(2) OF THIS SECTION, THE GOVERNING BODY OF A COUNTY SHALL
12 CONDUCT A PUBLIC HEARING ON THE PROPOSED RESOLUTION.

13 (2) THE GOVERNING BODY OF THE COUNTY SHALL PUBLISH NOTICE OF
14 THE HEARING ON THE PROPOSED RESOLUTION AT LEAST ONCE A WEEK FOR 2
15 CONSECUTIVE WEEKS BEFORE THE HEARING IN A NEWSPAPER OF GENERAL
16 CIRCULATION IN THE COUNTY.

17 (C) (1) A SPECIAL ELECTION SHALL BE HELD IN THE COUNTY IF A PETITION
18 IS CERTIFIED IN ACCORDANCE WITH TITLE 6, SUBTITLE 2 OF THE ELECTION LAW
19 ARTICLE WITH THE SIGNATURES OF AT LEAST 3% OF THE LEGALLY QUALIFIED
20 VOTERS OF THE COUNTY IN SUPPORT OF PLACING THE RESOLUTION DESCRIBED IN
21 SUBSECTION (A)(2) OF THIS SECTION ON THE BALLOT AT A SPECIAL ELECTION IN THE
22 COUNTY.

23 (2) THE SPECIAL ELECTION SHALL BE HELD WITHIN 30 DAYS AFTER THE
24 DATE A PETITION IS CERTIFIED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS
25 SUBSECTION.

26 (3) THE COST OF THE SPECIAL ELECTION SHALL BE PAID BY THE STATE.

27 (4) THE BOARD OF SUPERVISORS OF ELECTIONS OF THE COUNTY AND
28 THE COUNTY GOVERNING BODY SHALL DO THOSE THINGS NECESSARY AND PROPER
29 TO PROVIDE FOR AND HOLD THE REFERENDUM REQUIRED BY THIS SECTION.

30 (5) THE BOARD OF SUPERVISORS OF ELECTIONS AND THE COUNTY
31 GOVERNING BODY SHALL PLACE ON THE BALLOT AT THE SPECIAL ELECTION THE
32 TITLE "ESTABLISHMENT AND LOCATION OF VIDEO LOTTERY FACILITY IN THE
33 COUNTY" AND UNDERNEATH THE TITLE, ON SEPARATE LINES, OPTIONS FOR THE
34 VOTER TO SELECT "FOR THE VIDEO LOTTERY FACILITY" OR "AGAINST THE VIDEO
35 LOTTERY FACILITY".

36 (6) BEFORE THE SPECIAL ELECTION, THE BOARD OF SUPERVISORS OF
37 ELECTIONS OF THE COUNTY SHALL PUBLISH IN AT LEAST TWO NEWSPAPERS OF
38 GENERAL CIRCULATION IN THE COUNTY, AT LEAST ONCE A WEEK FOR 3
39 CONSECUTIVE WEEKS, NOTICE OF THE REFERENDUM AND A COPY OF THE
40 RESOLUTION ADOPTED BY THE COUNTY GOVERNING BODY.

1 (7) IF THE MAJORITY OF THE VOTERS VOTING ON THE RESOLUTION
 2 VOTE FOR THE VIDEO LOTTERY FACILITY, THE COMMISSION MAY CONSIDER
 3 AWARDING A VIDEO LOTTERY FACILITY LICENSE FOR A VIDEO LOTTERY FACILITY IN
 4 THAT COUNTY.

5 (8) IF THE MAJORITY OF THE VOTERS VOTING ON THE RESOLUTION
 6 VOTE AGAINST THE VIDEO LOTTERY FACILITY, THEN THE RESOLUTION SHALL BE
 7 NULL AND VOID AND THE COMMISSION MAY NOT AWARD A VIDEO LOTTERY FACILITY
 8 LICENSE FOR A VIDEO LOTTERY FACILITY IN THAT COUNTY.

9 **Article - State Finance and Procurement**

10 11-203.

11 (a) Except as provided in subsection (b) of this section, this Division II does
 12 not apply to:

13 (1) procurement by:

14 (xviii) the Maryland Energy Administration, when negotiating or
 15 entering into grants or cooperative agreements with private entities to meet federal
 16 specifications or solicitation requirements related to energy conservation, energy
 17 efficiency, or renewable energy projects that benefit the State; [and]

18 (xix) the Maryland Developmental Disabilities Administration of the
 19 Department of Health and Mental Hygiene for family and individual support services,
 20 and individual family care services, as those terms are defined by the Department of
 21 Health and Mental Hygiene in regulation; AND

22 (XX) THE STATE LOTTERY AGENCY FOR NEGOTIATING AND
 23 ENTERING INTO CONTRACTS FOR THE PURCHASE, LEASE, MANUFACTURE, REPAIR,
 24 MAINTENANCE, AND OPERATION OF VIDEO LOTTERY TERMINALS.

25 (b) (1) (i) The following provisions of this Division II apply to each
 26 procurement enumerated in subsection (a) of this section:

27 1. § 11-205 of this subtitle ("Fraud in procurement");

28 2. § 12-204 of this article ("Board approval for designated
 29 contracts");

30 3. Title 12, Subtitle 2 of this article ("Supervision of Capital
 31 Expenditures and Real Property Leases");

32 4. § 13-219 of this article ("Required clauses -
 33 Nondiscrimination clause");

34 5. § 13-221 of this article ("Disclosures to Secretary of
 35 State");

1 Assembly and the Office of the Attorney General, shall initiate two studies of the
2 requirements of § 9-1A-09 of the State Government Article that evaluate the
3 continued compliance of the requirement with any federal and constitutional
4 requirements. In preparation for the studies, the State Lottery Commission shall
5 require video lottery operation license applicants and licensees to provide any
6 information necessary to perform the studies. The studies shall also evaluate
7 race-neutral programs or other methods that can be used to address the needs of
8 minority investors and minority businesses. A final report of the first study shall be
9 submitted to the Legislative Policy Committee by December 1, 2004, so that the
10 General Assembly may review the report prior to the 2005 Regular Session. A final
11 report of the second study shall be submitted to the Legislative Policy Committee on
12 or before September 30, 2006, so that the General Assembly may review the report in
13 conjunction with the report of the study on the Minority Business Enterprise Program
14 prior to the 2007 Regular Session.

15 SECTION 7. AND BE IT FURTHER ENACTED, That the State Lottery
16 Commission shall make a good faith effort to purchase or lease the central computer
17 system and the video lottery terminals authorized by this Act from companies that:

18 (1) comply with federal and State laws relating to fair employment practices;
19 and

20 (2) maximize participation by minority business enterprises consistent with
21 Title 14, Subtitle 3 of the State Finance and Procurement Article.

22 SECTION 8. AND BE IT FURTHER ENACTED, That the Department of
23 Transportation shall study the impact of the increased traffic resulting from any
24 proposed operation of video lottery terminals at Pimlico Race Course, including the
25 need for an interchange on Jones Falls Expressway between Northern Parkway and
26 Interstate 695. The Department of Transportation shall provide a final report on the
27 study required under this section to the General Assembly on or before December 1,
28 2004, in accordance with § 2-1246 of the State Government Article.

29 SECTION 9. AND BE IT FURTHER ENACTED, That this Act may not be
30 construed to affect the terms of the members of the State Lottery Commission
31 appointed before the effective date of this Act. The terms of the four new members of
32 the State Lottery Commission appointed under this Act shall expire as follows:

33 (1) one member in 2006;

34 (2) one member in 2007; and

35 (3) two members in 2008.

36 SECTION 10. AND BE IT FURTHER ENACTED, That Section 2 of this Act
37 shall take effect June 1, 2004. It shall remain effective until the taking effect of
38 Section 3 of this Act. If Section 3 of this Act takes effect, Section 2 of this Act shall be
39 abrogated and of no further force and effect.

1 SECTION 11. AND BE IT FURTHER ENACTED, That Section 3 of this Act
2 shall take effect on the expiration of Chapter 402 of the Acts of the General Assembly
3 of 2003.

4 SECTION 12. AND BE IT FURTHER ENACTED, That, subject to Sections 10
5 and 11 of this Act, this Act shall take effect June 1, 2004.